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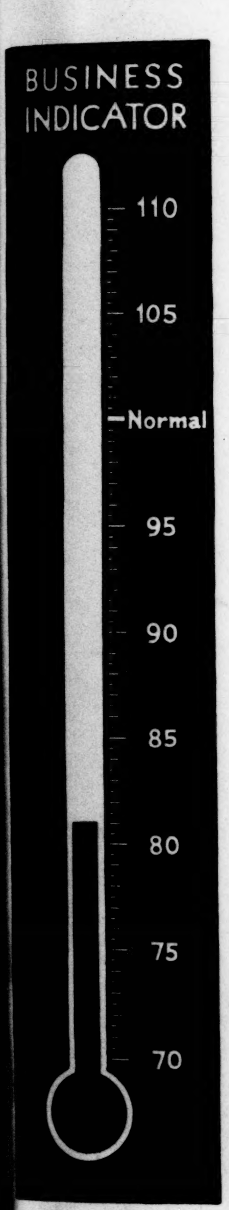
DEC 3, 1930

THE BUSINESS WEEK



There are enough statistical giblets in this week's records to make a more appetizing sauce for the otherwise dry and lean Thanksgiving turkey this year. . . . Business shows more definite signs of having hit that hard-pan resistance level which in the past it has always encountered at about 20% below normal. . . . At this point apparently the elasticity of living standards in this country reaches its limit and fundamental human wants begin to reassert themselves. At any rate our preliminary index, after dipping below 80, has turned up sharply to 81% of normal. . . . Though basic industrial activity is still declining, general trade has begun to expand at somewhat more than the seasonal rate. Consumer demand for homes is sustaining construction activity at a time when it is normally declining, and there are signs that small residential building is definitely on the up-grade. . . . Money turnover is rising, commercial loans are expanding, currency in circulation is increasing with seasonal retail trade demand. As the automobile industry prepares to play its cards courageously on next year's market, employment is being given some stimulus. . . . Key commodity prices are firmer as resistance to further deflation grows and as the Farm Board lends its support to stabilize the domestic market. The bond market is steadier as bank buying improves, and bears in Wall Street and elsewhere are beginning to look about for winter quarters.

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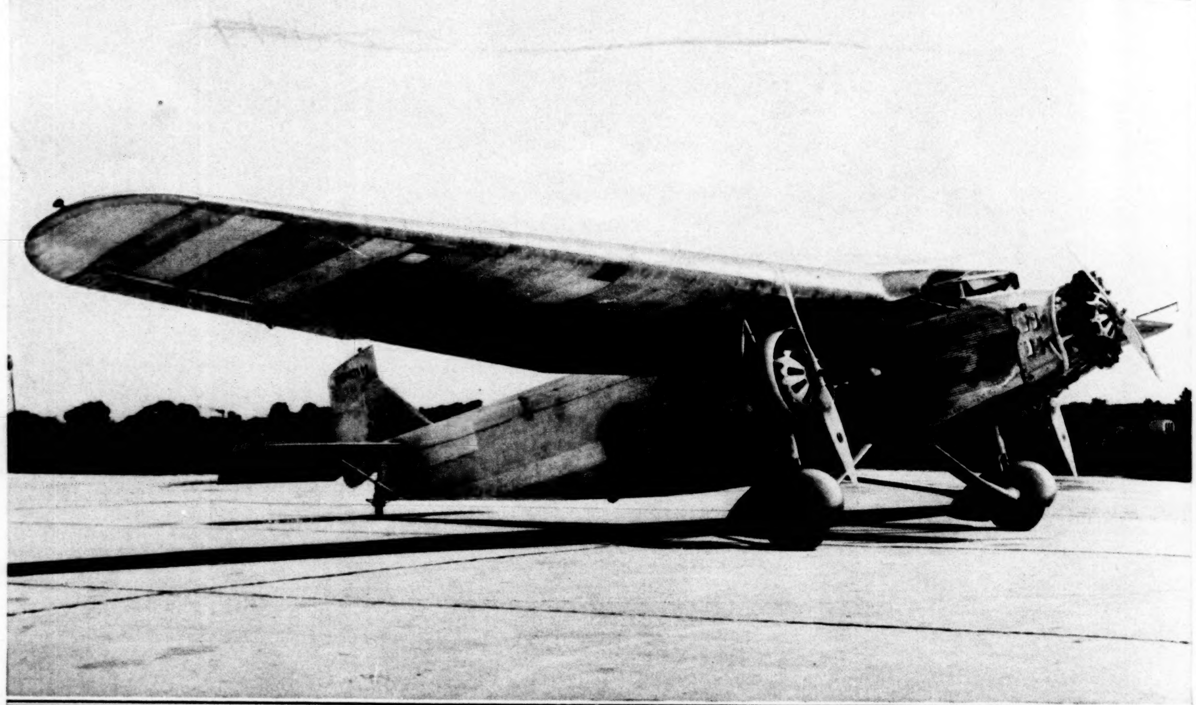

Beauty . . . luxury . . . safety . . . speed!

MANY of those who realize that safety, comfort and dependability are outstanding characteristics of the all-metal, tri-motored Ford transport plane, may be surprised to learn that this plane is also the *fastest multi-motored plane in the world, according to the record established on September 29 at Detroit, over a closed course.*

164.4319 miles per hour is the official figure for the Ford tri-motored plane over this closed course of 100 kilometers.

144.24 miles per hour is the speed at which the Ford tri-motored plane won the race for multi-motored planes at this year's National Air Races in Chicago.

170 miles an hour, and more, was attained by the Ford tri-motored plane in winning the 1930 Edsel Ford free-for-all reliability tour.

These are but a few of the records established by the transport plane that has become so familiar a sight everywhere flying on regular schedules over the airways of the country.

The amazing speed of the Ford planes has been made possible not by increasing its power, but by simple refinements of design.

The de luxe club plane, a winged yacht, beautiful as a jewel, comfortable as your club, can be equipped for this high-speed flying without sacrificing any of the luxurious accommodations which distinguish it.

FORD MOTOR COMPANY

Visitors are always welcome at the Ford Airport at Detroit

New de luxe club plane

Mechanical features are similar to those of the famous Ford 5-AT: Built of aluminum alloys, lighter than wood; powered with three Pratt & Whitney air-cooled motors, with total of 1275 horse-power; a capacity of nine passengers plus a pilot and mechanic. Cruising speed over 122 miles an hour, for hundreds of miles!

In addition, the de luxe club plane contains kitchenette, folding berths, radio cabinet, writing desk and bookcase. Seven overstuffed chairs and a two-place divan. Card tables and serving trays. Refrigerators and thermos cases. A lavatory with toilet, running water, towel racks, and closets for luggage, guns, fishing tackle or golf sticks.

Walls and ceiling are sound-proofed.

The entire interior is beautifully trimmed and decorated, in choice fabrics. Individual ventilation at each window. Dome and wall light and heat register in floor add to the comfort and luxuriousness of the plane. Tile walls in kitchenette and lavatory.

The pilot and mechanic in their forward control cabin have every mechanical device necessary for day or night flying in all seasons under all conditions.

Price on request.

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What's In This Issue —And Why

Steel Backbone

Determined to halt price-cutting, U. S. Steel, through its Carnegie unit, announces minimum quotations. The industry takes courage, believes the step will stabilize the market, faces buyers with firmness. *(page 5)*

Stretched Payrolls

Industrial employers are keeping on payrolls 12% more men than they actually need, judging from facts in plants employing 83,000. *The Business Week's* inquiry brings out interesting details of hours, wages, policies. *(page 7)*

Intent vs. Sherman

Supreme Court decision in the movie cases has broad business significance—general approval of agreements, good motives, even good results are no defense against the Sherman Act. *(page 12)*

Brotherhood

Trainmen, firemen, switchmen plan to cut their working time to make jobs for idle brethren. But engineers' and conductors' brotherhoods don't feel quite that brotherly. *(page 9)*

Carryover

Europe takes a gloomy view of wheat, deprecates American price-pegging, estimates a huge carryover. *(page 11)*

Acceptances

Balked in our bond market, Europeans nevertheless are borrowing the dollars they need, through bankers' acceptances. *(page 22)*

Plenty of Gas

More cities cut in natural gas; the list grows swiftly. Governmental estimates forecast huge supplies for two generations to come. *(page 24)*

Trucking Truck

Dealers, canners, processers—all who handle perishable crops—must take out federal license Dec. 10. Meanwhile the motor truck is revolutionizing the business. *(page 13)*

7 Sins

Studebaker vice-president names the 7 sins of selling automobiles. *(page 13)*

Sunkist Prosperity

California had a short crop of oranges, but received more money for it than for any previous year's harvest. *(page 16)*

Packages

Spurred by adversity to seek every means of stimulating sales, manufacturers turn increased attention to packaging, for eye appeal, convenience, economies. *(page 14)*

Club Christmas

Retailers will sell $240 millions of gifts to 11 millions of members of the banks' Christmas clubs. *(page 16)*

Sour Note

Java seems disinclined to play ball with Cuba and Mr. Chadbourne; European beet sugar people also are divided. *(page 27)*

Exiles—Convicts

New Treasury regulations exclude convict products on slim evidence, obviously aim at Russia, will doubtless be applied to products of political exiles' labor in Siberian forests. *(page 6)*

Deflation by Fiat

Germany—it would be Germany—persists in its bold experiment of trying to readjust prices and wages simultaneously and scientifically. *(page 33)*

The Return of Mr. Dublin

James W. Dublin, we hasten to reassure a host of anxious inquirers, is hale and hearty, and back in our columns with more of his salty letters. *(page 38)*

ECONOMICS OF THE ELECTRICAL INDUSTRY

FEEDING NEW POWER

to Men who feed the World....

Agriculture is still the world's greatest industry—and feeding the world is still the most important responsibility that any industry shoulders. Through good times and depression, we must have the grain, the produce, the meat and the dairy goods that the farmer and ranch-owner supply.

For centuries the farmer has borne his burdens and responsibilities alone. But in modern times he has begun to find a powerful ally in electricity. High tension electric lines fling their network over remote areas and bring new power to his door. Electricity grinds his tools, chops his feed, churns his butter, milks his cows. Electric pumps bring water for his stock and household use—make deserts bloom for him with the magic of irrigation. Electric light and electric appliances bring new comfort and happiness into his home.

The development and extension of farm electrification offer tremendous possibilities for the future. The active leadership of Westinghouse covers every phase of manufacture in this field, from the generating and distributing apparatus that supplies the power, to the motors and appliances that put it to work.

Tune in the Westinghouse Salute over WJZ and the coast-to-coast network, every Tuesday evening.

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WESTINGHOUSE ELECTRIC

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending November 29, 1930

Steel Thinks Farrell's Stand On Prices Marks Turning Point

Better Sales Must Await January, But Producers Face Buyers with New Firmness

"It is within the power of the steel industry to create a stable situation. The prices of steel are ridiculous . . . In a period of 60 days, we can get this business back where it belongs and get better prices."

Thus James A. Farrell, to the American Iron and Steel Institute.

Promptly thereafter, Mr. Farrell caused U. S. Steel's Carnegie Steel Co. to announce minimum prices (1.6¢ a pound) on heavy steel plates, shapes, and bars. Other producers have followed. The industry has taken heart, shows reawakened courage. Makers of light-rolled steel, which is selling at or below cost, fell in line. American Sheet & Tin Plate set minimum for its products; so did the independents.

Is History Repeating?

Carnegie made a similar stand three years before, to the day, and that time it was successful. It looks to expert eyes as if Carnegie might get away with it again.

Declining demand has reduced operations in steel plants to 50% or less of capacity. As usual, producers have attempted to stimulate sales by successive price reductions. Prices have dropped below cost—well below the cost in a plant operating at only 50% capacity. Earnings have been terrible. Sheet and strip makers were hard hit in the third quarter; many showed deficits.

U. S. Steel evidently believes little additional business can be produced by further price cuts; decides it will throw away no more of its profits in a futile attempt to get something out of nothing. So it flashes a "Stop" sign in front of declining price levels.

A few weeks ago, railroads refrained from placing customary rail orders in an endeavor to get lower quotations. They failed, even though rails happen to be one of the few steel products which have not been affected by the orgy of price-cutting. This firmness in confronting the railroads was the first evidence of stiffened backbone within the steel industry.

Automobile manufacturers and other large steel users have been pressing for extension of present low prices far into next year. They are less likely than a few weeks ago to be successful. The fact that consumers are seeking, in a period of hand-to-mouth buying, to cover requirements for months ahead, is proof that consumers feel prices have touched bottom.

The steel business did not reach an impasse overnight. For a long time fabricators of structural steel had mercilessly cut prices, without much regard to costs. They, in turn, fell back upon steel mills to grant concessions in supplying structural plates and shapes.

Some Panicky Selling

Then steel's largest customer, the automobile industry, fell by the wayside. With a feeling akin to panic, steel makers slashed prices to get business which in some cases didn't exist and the price structure came tumbling. Endeavoring to keep mills going, the steel people made frantic and ridiculous bids. In some notable cases they were protected against themselves by buyers who discarded these panic bids and placed orders with their regular sources of supply.

Companies which have failed to diversify their products have been hardest hit in recent months. This is especially true of mills specializing on requirements for the automobile industry. The extraordinary orders for steel pipe have helped bolster earnings of companies which have suffered a slump in other products. United States Steel, earning more than its year's dividend requirements in the first 9 months, is an eminent example of the blessings of diversification.

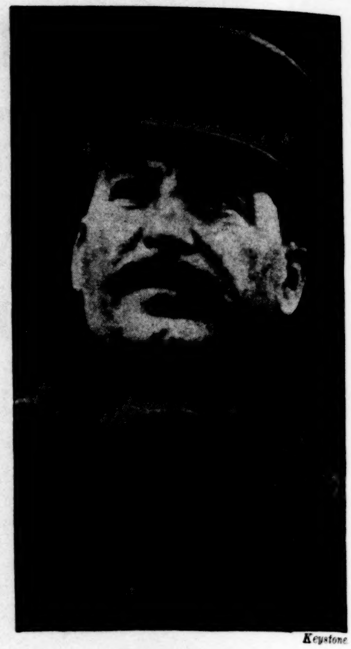
Seasonal factors combined with underconsumption remove the likelihood of improvement in steel production until January.

Price declines must have resulted in wage cuts if they went on, and wage cuts have been officially frowned upon by the very unofficial czar of the industry, Mr. Farrell. When Mr. Farrell frowns, the industry takes note. He represents power, and frequently his is the voice of the industry as a whole. So the few steel plants, particularly in the Cleveland district, which are reliably reported to have made unofficial wage cuts recently, are loudest in singing the praises of the stabilization plan and the necessity for continued high wages. They hope, apparently, thus to delay or avoid the penalty of defying the Spirit of Steel.

Steel's Merger Cauldron Is Still Bubbling

The steel industry hears that discussion between Newton and Corrigan-McKinney of Cleveland has been revived and agreement is expected. Otis of Cleveland has been mentioned in the same conversations. Corrigan-McKinney, which supplies some of Newton's sheet bar by rail and water, has been controlled since spring by the Cleveland-Cliffs Iron Co., which is, in turn, within the W. G. Mather–C. S. Eaton group, while Newton has in it a Pickands–Mather interest. Somewhere in the footwork of the steel industry Bethlehem is expected to find a way into the Detroit district, although by which entrance it gets there is yet to be disclosed.

Pickands, Mather & Co. of Cleveland, friendly to Bethlehem, recently acquired control of the Empire Steel Corp., a comparatively young aggregation of older Ohio sheet mills, and hold it under a voting trust arrangement which would make it easy to sell. The 7 Davey brothers of Mansfield, O., who built up a specialty mill by taking their turns at the rolls long after they held executive positions, sold their dominating interest to the Clevelanders. Paul Llewellyn, who was head of Interstate before Eaton picked it up for his Republic, is chairman of the new Empire organization. Neither Newton nor Empire employs the continuous sheet process of American Rolling Mill, nor does Bethlehem. But Bethlehem will acquire a license if it obtains Youngstown Sheet & Tube. And Judge David Jenkins of Youngstown, O., last week commenced his study of the evidence in the Sheet & Tube case preparatory to writing his decision.



Keystone

Joseph V. Stalin

Officially, secretary-general of the Central Committee of the Communist Party. Practically, Russia's man on horseback. He asks for better trade relations with the United States

Soviet Exiles Are Convicts, Treasury Agents Will Hold

Goods Produced by Them Therefore Barred, Dealing Body Blow to Russian Trade

After satisfying itself that no country in the world, unless Soviet Russia, exports to the United States any goods made by convict labor, the Treasury Department issued this week regulations, effective immediately, permitting it, without affirmative proof, to exclude goods suspected of convict labor origin.

After a finding by the Commissioner of Customs that convict labor is used in any locality in a foreign country in mining, producing, or manufacturing any commodity, importation of any merchandise of that class from that locality shall thenceforth be prohibited unless the importer establishes by preponderant evidence for each shipment that it was not convict-produced.

Must Put Up Bond

The importer is required either to put up cash or file a bond equivalent to the domestic value of the cargo for its return to customs custody if the commissioner decides convict labor was employed at any stage in producing the merchandise, or if the importer fails to submit within 3 months of date of entry a certificate of origin with affidavits. Such affidavits must be sworn before an American consul, or if the place is too remote from a consulate, then under an oath or affirmation. A similar affidavit is required of the ultimate consignee, who ordinarily would be the American purchaser.

In the absence of a general finding by the Commissioner of Customs that convict labor is used in any locality, any collector of customs is required to report to the commissioner the importation of any merchandise originating in a country where he has reason to believe convict labor is used to produce such merchandise. The collector must hold the shipment for instructions.

Bond is canceled or the merchandise released if the commissioner's decision favors admissibility and the certificates of origin are submitted within the prescribed period of 3 months. The importer can appeal to the courts.

The regulations are more drastic than appears on their face, and the belief is expressed in official quarters in Washington that they seal the doom of Soviet trade in the United States. Doubt is now voiced that any surety company would file bond for the Amtorg to the amount required to cover the value of incoming Soviet cargoes which run into millions of dollars, or that an American firm would take a chance on swearing to an affidavit that may be shown to be false simply by a decision from the Commissioner of Customs.

It seems apparent that little evidence will be required to convince the Treasury Department that lumber, pulpwood, coal, perhaps wheat, or other commodities are produced in various localities in Russia by convict labor. Manganese appears to be the only exception that the Department now is willing to make and that is involved in a pending investigation under the anti-dumping law. Data culled from Soviet publications, from the reports of consuls in adjacent countries, indeed from any source whatever, will be submitted without undue delay by subordinates in the Customs Bureau for a finding that convict labor is used, but nobody knows just when such findings will be issued.

Exiles Are Included

The regulations do not define what a convict is, but doubtless the dictionary's definition as "one found guilty or undergoing punishment for crime" will be interpreted as meaning the Soviet worker who because of alleged utterances against the government has been exiled to the Siberian forests to cut lumber.

Neither do the regulations define what is meant by "mined, produced, or manufactured." The Treasury's decision can be anticipated as excluding, for example, pulpwood cut by free labor and hauled by convict labor, but as including pulpwood cut by free labor, hauled by convict labor and subsequently sawed by free labor

The Treasury Department's ruling is regarded in Washington as positive evidence that the administration's policy with respect to Soviet trade has finally taken shape. Most business interests are reserving judgment, are awaiting a definition of terms, reaction from large companies who bought last year $30 millions worth of Soviet products, and from others who sold Russia $150 millions of manufactured goods. If the move is definitely planned to discriminate against Russian trade, Moscow has a counter-act. A decree was passed Oct. 20 by the Soviets restricting to an absolute minimum all trade with countries discriminating against the Soviets.

Meanwhile the National Lumber Manufacturers Association has filed with the Commissioner of Customs a complaint seeking judgment under the new regulations against all future shipments of goods, when one shipment has been proved convict made.

Industry Keeps 12% More Men On Payroll Than It Needs

Survey of Plants with 82,499 Employees Believed To Give Accurate Cross-section of Whole

AMERICAN industrial employers are giving work to 12% more men then they actually need to get out their present production. This is indicated by a sampling survey, believed to present an accurate cross-section.

Endeavoring to pierce through generalities and reach a solid core of statistical fact, *The Business Week* recently sent to responsible officials of manufacturing plants an exhaustive statistical questionnaire on unemployment. The manufacturers were chosen from our subscription lists to give a representative cross-section of industry; large plants, small plants, heavy manufacturing and light, in all parts of the country.

Employment Off 11%

We received, at the time of tabulation, 103 replies—an exceptionally good return. These 103 plants now employ 82,499 persons, whereas, by working full time, they could produce their present output with 9,859 fewer employees.

A year ago these plants employed 92,477, about 11% more than are working today.

Employment of nearly 10,000 persons not really needed for the most economical production has approximately halved the number of workers who would now be out of jobs otherwise.

42 On Full Time

It is interesting to note that of the 103 plants, 42 are working full time with a full working force; that 46 concerns, employing 38,000, are giving employment to nearly 25% more men than they actually need; that the remaining 18 companies apparently have reduced personnel in direct proportion to reduced output, in many cases undoubtedly forced to do so by the manufacturing processes involved.

In many plants drastic reductions in working hours has been made. More wage increases are reported than reductions. Relatively few companies rotate work. About half of them have developed new products during the year, have improved their marketing methods, are planning production requirements well in advance of sales. A great deal of effort is being applied to maintenance and repair work, according to the survey, but few concerns have adopted such permanent preventive measures as dismissal wages and unemployment insurance.

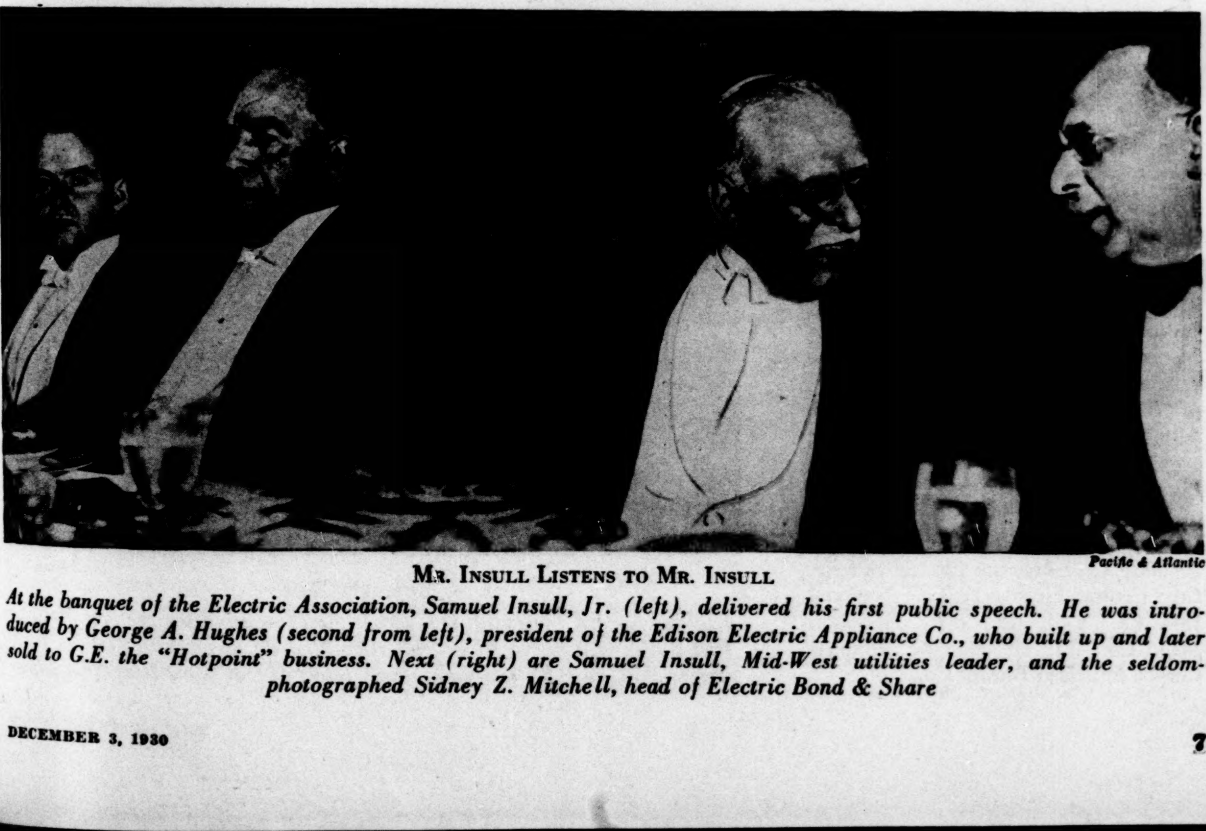
While it is possible that those with the best records on unemployment relief have answered, the results of the survey are still of interest in showing that attention is being given unemployment throughout industry. Plants reporting employ from 25 to 20,000 workers, with the average at 800, typical of the medium sized plant in which management can be functionalized.

Among those plants which have been unable to keep operations at the 1929 levels, drastic reductions in working hours have been made. Normal working hours, and hours operated during 1929, showed none with less than a 36-hour week; 9% of the plants worked from 36 to 44 hours weekly; 35% ran from 44 to 50 hours; 56% operated 50 hours a week or more, with just one as high as 66 hours.

Reduced Hours General

Under present conditions only 12% of the plants operate more than 50 hours a week; 36% operate from 44 to 50 hours; 28% from 36 to 44; 25% from 20 to 36 hours a week. Even the concerns which now operate 44 hours a week or more are on reduced schedules, with 6 exceptions.

Methods of reducing working hours



Pacific & Atlantic

MR. INSULL LISTENS TO MR. INSULL

At the banquet of the Electric Association, Samuel Insull, Jr. (left), delivered his first public speech. He was introduced by George A. Hughes (second from left), president of the Edison Electric Appliance Co., who built up and later sold to G.E. the "Hotpoint" business. Next (right) are Samuel Insull, Mid-West utilities leader, and the seldom-photographed Sidney Z. Mitchell, head of Electric Bond & Share seem to be about evenly divided between working normal number of hours for fewer days per week and working short days for 5 or 6 days a week. Under normal conditions the most popular schedules were 50 hours a week, used by 31% of the firms reporting, and 48 hours, adopted by 27%. This year 15% are working 48 hours; 15%, 40 hours; 11%, 50 hours; 7%, 24 hours; 6%, 44 hours with others scattered all the way from 16 hours a week to 66.

Surprisingly enough, of the 26 concerns which reported wage changes during the past year 16 reported increases, sometimes affecting all workers, sometimes confined to particular tasks. Only 8 concerns reported sweeping reductions, while 2 reported both increases and decreases during the year.

Only 28% Rotate Work

While the survey clearly indicates that management is trying to do all it can to meet the emergency which now faces it, there is not such good evidence that it has grasped well-known opportunities which offer means of preventing unemployment. Only 28% of reporting companies rotate work. In other words, when work fails in a particular job only 28% of the companies attempt to keep the worker, possibly highly skilled and with long experience, by putting him on some other job.

To a somewhat greater extent, industry has developed new products, has improved its marketing methods and expanded its markets, and has planned production well in advance of sales in an attempt to stabilize its activities. About 55% of reporting companies have developed new products during the past year; 43% have improved their marketing methods in some way; 56% plan their production by forecasting sales for varying periods in advance, the most common being 3 months. But many concerns are making tentative forecasts for a year or more in advance.

The record on provision of a dismissal wage—which recognizes the justice of paying a worker some sort of bonus when he is discharged for no reason of his own after a long period of faithful service—is rather dismal. Just 9 concerns included in the survey, employing 9,100 workers, provide a dismissal wage. These concerns, worthy of place on one honor roll of American industry are: Walworth Co.; Tidal Refining Co.; Reliance Electric & Mfg. Co.; Central Electrotype Co.; National Iron Co.; Celluloid Corp.; Dennison Mfg. Co.; Detroit Majestic Products Corp.; American Blower Co.

Westinghouse Electric & Manufacturing Co. could not undertake detailed survey of its 27 plants. But it reported recent adoption of a "permanent layoff allowance" which varies, according to conditions of service of the employee, from 50% to a full week's salary for each year of service—incidentally, a very liberal plan compared with most of those now in operation.

Two Companies Insure

To the question "Do you provide unemployment insurance?" just 2 companies replied in the affirmative: Dennison Mfg. Co. and Barnsdall Oil Co. Activities of those who are opposed to governmental insurance in any form and who maintain that industry can take care of itself in this respect should get little encouragement from this showing.

While General Electric Co. was not included in the survey, it is worth noting here that its unemployment insurance plan offered to its employees some time ago (*The Business Week,* June 25) is to be put in operation at once, several months in advance of its scheduled introduction. About 35,000 employees have already contributed $350,000 to the unemployment fund and relief payments will be made during December up to a maximum of $15 a week. Declaring the present an emergency as outlined in the original plan, President Swope has ordered that, during December, every employee from himself down to the office boys, who is working 50% of full time, must contribute 1% of his wage to the unemployment fund. This contribution will be matched by the company.

Unfortunately the questionnaire did not bring entirely satisfactory information on the use of machine operators and other direct labor workers in maintenance and repair jobs. Such information as was obtained, however, demonstrates quite conclusively that this type of activity has not been neglected during the past year, but has been accelerated to a considerable degree beyond normal. Some plants report as high as 50% of their employed personnel engaged in maintenance and repair work, in new construction, and other forms of so-called non-productive labor which is producing not only a better and more efficient plant, but wages for many otherwise jobless men and women.

Lower Wages—Lower Costs —More Sales—More Jobs

EIGHT shoe plants in Brockton, Mass., are seeking 15% to 33% reductions in wages to stimulate business and increase jobs. They have combined in an appeal to local union heads for cuts in labor cost on $3 and $4 grade shoes. With reduced wage costs, operators hope to secure more orders and to provide more employment for skilled workers who

The Business Week

BUILDING NOW

Looking toward Times Square, across the excavation for the new McGraw-Hill Building, which will extend from 42nd St. through to 41st St. Its 33 stories will cost $7 millions; keep hundreds of men busy this winter

The Business Week

Relief Committee

Employers and employees of the Chicago, Milwaukee & St. Paul Railroad combine to aid the families of their unemployed. Railroad and brotherhood officials asked all with jobs to contribute, not as charity, but as duty

have long been laid off or on part time. Final decision, after union agents discuss the subject with their members, is expected about the first of December. Should the unions reject the proposal, the companies plan to appeal to the state Board of Conciliation and Arbitration.

Chief argument used by employers is competition of shoe shops of the Middle West, where labor costs are lower.

Concerns interested in the move are: Doyle Shoe Co.; Diamond Shoe Co.; E. E. Taylor Co.; Charles A. Eaton; Stone, Tarlow Co.; M. A. Packard Co.; A. Freedman & Sons; W. L. Douglas Shoe Co.

Modernization Is New England's Chief Unemployment Remedy

A DEFINITE program for immediate and long-time unemployment relief was offered by the New England Council to the 1,000 representatives of New England's business concerns who gathered in Boston last week for the sixth New England Conference. Discussion of the plan and reports from various communities and industries indicated that, to a considerable extent, the program is already being followed.

To provide immediate relief, the Council suggests that business: (1) hold lay-offs to a minimum by eliminating overtime and reducing weekly hours; (2) clean up, paint, repair and do general house cleaning; (3) overhaul machinery and equipment; (4) develop plant modernization programs on intensive study of floor layouts, material handling equipment, modern high-capacity machinery; (5) carry on all necessary alteration or expansion work; (6) cooperate with the community in registration of unemployed; (7) encourage accurate local publicity on local business conditions; (8) encourage exchange of information between New England communities; (9) encourage normal buying for normal needs.

For long-time relief and preventive measures the Council recommends that business: (1) plan and budget sales, production and profits; (2) establish adequate standards of quality, value and performance; (3) merchandise aggressively through sales analysis, improved product and service, development of new products and new uses, consistent advertising, better dealer cooperation, export development, improved sales organization; (4) adopt or expand research activities into economic, market, industrial and commercial fields; (5) improve employee morale by keeping workers informed of company condition, by maintaining wages and working conditions, by giving each employee pride in his work; (6) improve human relations within the organization.

Dealing with state and community activities to relieve unemployment, the conference heard that Maine, New Hampshire, Vermont, Massachusetts have state unemployment committees, appointed by the governors and actively engaged in coordinating state relief work; that 2 cities in Maine, 5 in New Hampshire, 3 in Vermont, 34 in Massachusetts, 2 in Rhode Island, 8 in Connecticut had adopted more or less comprehensive plans for relief.

Railroad Unions Delay Action on 6-Hour Day

ACTION on the railroad brotherhoods' plan to relieve unemployment in their ranks by a permanent 6-hour day and an immediate 26-day pay-month now awaits a scheduled but undated meeting at which representatives of the 1½ million workers in all branches of the service will try to carry the relief program over the obstacles encountered at the recent Chicago conference of the 700 general chairmen of the "Big Four" and the Switchmen's Union of America. Railroad managements hope that this meeting will also enlist labor cooperation in the operators' campaign against the various forms of competition which have reduced the roads' revenue during recent years.

Meanwhile, older heads in the union ranks stand pat on their decision that this is not the time to launch aggressive action for the introduction of the 6-hour day; agree with the principle but wait to see what the chiefs of the five unions will do with the conductors' and engineers' suggestion that they ask President Hoover to call a meeting of railroad presidents, bankers, union officials, and members of Congress to discuss the whole subject of unemployment and the 6-hour day along with it.

Three Unions to Cut Hours

The trainmen, firemen and switchmen are going ahead with their program of voluntary reduction of the working day to help their unemployed members. They have one eye on the engineers and conductors who, at Chicago, were cold to their suggestion that reducing the pay of all workers earning more than 26 days' pay a month (2,600 miles) to the 26-day level would make jobs for 50,000 now idle without adding to the railroads' expense; who said that loss of up to a quarter of their salaries was too big a sacrifice for men who had worked years for seniority and higher pay.

The 6 shop craft unions have announced, as their relief program, plans to seek a 5-day week without reduction in pay.

Railroad unemployment is not depression-born. In the last 10 years the number of men employed to keep the trains running has dropped by 500,000, of whom 75,000 belonged to the "Big Four" and the switchmen's union.

Keystone.

SAFETY MINER

Hard fiber helmet protects his head, iron-rimmed boots, his feet. Goggles guard his eyes, gloves his hands. A safety lamp detects gas, an electric head lamp lights his way through the mine

Commodity Markets Watch Wheat (Stronger), Steel (Firmer)

No appreciable change is noted in the commodity market situation. Here and there signs of firmness are evident, but lack of demand resulting from uncertainty, as in the case of copper, is keeping the price structure unsteady. While grains show further improvement and stiffening quotations of certain steel products are reviving rumors of a not distant price advance, cotton, rubber, and copper display varying degrees of weakness.

Prices for wheat have made a further advance during the week with the Farm Board's assistance, old December contracts rising from 73¢ to 76¢ a bushel. It is now reported that the board may stabilize domestic prices at this higher level, which is more than 20¢ above Liverpool quotations. Unofficial estimates place the Grain Stabilization Corp's holdings of wheat at 110 million bushels. If so, the Farm Board has more than one-tenth of the United States wheat supply under its control, which is considered a sufficient guaranty against market depression.

Wheat Exports Decline

The wheat export trade is on the decline. Exports of wheat including flour from July 1 to Nov. 15 amounted to 75.4 million bushels as compared with 71.1 million bushels for the corresponding period of 1929. During the week ended Nov. 15, however, exports totaled 1.3 million bushels, against 2.1 millions for the previous week and 3.9 millions for the week ended Nov. 16, 1929. With the decline of the export trade, more wheat must be diverted to feeding purposes. Farm Board Chairman Legge estimates that about 200 million bushels will be fed this year.

Meanwhile the wheat trend in Canada continues unsteady but with prices well above the low levels reached last week. Prime Minister Bennett, still in Europe, is reported making efforts in Paris to increase French purchases of Canadian wheat. Exports of wheat from Canada during October were substantially in excess of those for October, 1929. Canadian wheat acreage up to Oct. 31 is estimated to be 14% below that of the same date last year.

Any pronounced improvement in world wheat prices seems unlikely when account is taken of the depressed situation caused by overproduction and reports of better crops in the southern hemisphere and by unabating Russian exports.

Cotton Trend Downward

In the corn and other grain markets, prices moved upward with wheat.

Cotton prices moved unsteadily with a downward tendency. According to the Census Bureau, the number of bales ginned from the 1930 crop prior to Nov. 14 was 11,962,364, as compared with 11,890,006 in 1929. The world's visible supply of American cotton on Nov. 21 amounted to 7,387,266 bales against 5,604,804 for the same date last year. Exports from Aug. 1 to Nov. 21 were 2,951,801 bales against 3,030,214 for the same period of last season. The cotton spinning industry had 26.2 million spindles active in Ocotber as compared with 26.1 millions in September. Operations were 77.1% of capacity against 76.4% during September.

Metals Prices Easier

The non-ferrous metal markets have displayed an easier tone. Although large copper producers continue to hold steadfast to the 12¢ price, the quotation of 10½¢ is being made more widely by custom smelters. World production of copper in October amounting to 152,544 tons was the largest since January. Output for the first 10 months of this year amounted to 1,483,844 tons. It is expected that following the world agreement to curtail production the November statistics will show a decline. The Anaconda Copper Mining Co. and its subsidiaries have already announced their intention to cut production 10%.

At the annual convention in St. Paul anti-Farm Board factions in the Farmers Educational and Cooperative Union of America (one of the "big three" of agricultural organizations) were successful in removing C. E. Huff, Farm Board supporter, from the presidency. In his place they put John A. Simpson of Oklahoma City, an outspoken foe of the Farm Board and the Agricultural Marketing Act, and leader of the "left wing" of the Farmers Union. Simpson, after his election, said industrial depression and farm problems together could be solved if the federal government would issue three billion dollars in "non-interest bearing bonds or currency" and lend this to states for public improvement projects.

Immediately on Simpson's election, Farmers Union delegates representing 10 of the organization's 26 state groups formed a pro-Farm Board alliance and retained Huff to represent them in all matters relating to the board's activities and in legislative matters. At the same time they announced they would give their full support to the union and its officers in other respects. As a result of Simpson's election resolutions indorsing the Marketing Act were withdrawn.

Europe's Wheat Markets Fear 423-Million Bushel Carryover

New Price Breaks Expected by British Operators On Basis of Broomhall's Crop Estimate

EUROPEAN NEWS BUREAU (*By Cable*) —The world's wheat markets are again a source of anxiety to business. Winnipeg prices have broken to the lowest figure since 1895. British operators forecast that the world price will break through even this bottom before the present season is over.

In an attempt to get their bearings, wheat dealers are turning to Broomhall's figures, which estimate available wheat surpluses in all export countries at 1,187 million bushels, and requirements from import countries at only 764 million bushels. This would indicate an unmarketed carryover of 423 million bushels by the end of next July.

Average 123 Millions

The carryover a year ago totaled 216 millions, which contrasts with an average of 123 millions for the last 8 years.

During the first 14 weeks of the new crop year, wheat shipments from surplus countries totaled 232 million bushels, leaving 955 million still unmarketed, with requirements reduced to 532 millions, if Broomhall's figures are correct. Europe took 197 million of the 232 million bushels, should take 631 millions before the crop year comes to an end.

Artificial Control Blamed

With this heavy surplus and with markets already badly glutted, wheat traders are not surprised at the sag in prices. But the conspicuous spread between Winnipeg prices, which are now well down in the 50's, and Chicago prices, which have not yet broken below the 70's, is viewed with growing alarm and unhesitatingly blamed on artificial control.

Russian wheat is still a disturbing factor in the present situation, but British authorities claim that shipments are likely to continue only for another 2 weeks. Stock-taking reveals just how much Soviet wheat been exported since last December, figures given in metric tons:

December, 1929	———
January, 1930	7,216
February	39,847
March	12,800
April	51,962
May	22,000
June	19,902
July	24,789
August	258,117
September	369,435
Total	806,068

Of this total, 473,956 metric tons went to England; 144,290 to Gibraltar; 128,050 to Italy; 27,765 to Malta. Smaller quantities went to Norway, Germany, Holland, and Belgium.

India began to complicate matters this week. Special rail rates to Karachi have been made to get the country's wheat on the market before sales from the southern hemisphere begin to affect Europe.

With heavy shipments arriving unsold, with port stocks high, and with millers covering only current requirements, dealers are looking anxiously to maturing crops in Australia and the Argentine. Encouraging to them in the rather gloomy outlook is the report from Buenos Aires that 73 million bushels of wheat will be lost due to the rust which is affecting many areas. Confirmation of this preliminary report and accurate statement on the crop decrease would greatly ease the immediate strain in European markets.

Pacific & Atlantic

LOADING SOVIET WHEAT AT NIKOLAIEV

To supplement Odessa as a wheat outlet for the Ukraine, Nikolaiev on the Black Sea is being developed. This ship receives with open hatches the grain from the new elevator

Nabisco and Wheatsworth Negotiate Toward Merger

ANXIOUS to broaden the usefulness of existing distribution channels and equipment, National Biscuit Co. admits negotiations in progress with Wheatsworth, Inc., important bakers of biscuits, millers of wholewheat flour.

Not now in serious competition, acquisition of Wheatsworth would add important volume to Nabisco's total, provide a new source of wholewheat flour through Wheatsworth's mill at Hamburg, N. J., make possible a more effective and economical distribution of the Wheatsworth line along with the present group of over 450 varieties of National Biscuit Co.'s kindred products.

Unique is National Biscuit Co.'s national system of controlled distribution, through which 90% of the entire output travels from bakery to retailer's shelf under complete producer control.

Sales are handled through 7 regional headquarters, 18 district offices, 245 sales agencies, while delivery of products is effected throughout the nation by company-controlled delivery trucks, each covering one of 2543 definite routes on regularly maintained schedules. Complete records of consumption of various items are kept, and goods flow from bakery to distributing station in ratio synchronized to consumption.

Good Motives, Good Results No Defense Against Sherman Act

UNIFORM contracts and credit agreements, enforced arbitration involving producers and distributors of 98% of the country's film output, are in violation of the Sherman Anti-Trust Law, by decision of the U. S. Supreme Court.

The decision is important enough to the motion picture people, but its real significance is much broader. At a time when there is much discussion of plans for cooperation for the good of this industry or that, the Supreme Court warns that general approval of practices, good motives, even good results, are no defense to violation of the Sherman Act.

Daringly All-Inclusive

Conspicuously daring in its all-inclusiveness, the control exercised over exhibitors by moving picture producers and distributors has long been a source of contention among independents.

The government held that practices of distributors, as prescribed under agreement between competitors, definitely restrained trade, throttled competition.

Producers and distributors offered defense that the rules were evolved after 6 years of experimentation, are reasonable, regulatory, free of unlawful coercion, and have been a constructive influence. The court brushed all that aside as irrelevant; the law forbids agreement among competitors.

Changes in the entire structure of the motion picture industry may now be expected, inasmuch as practically all important producers are included.

Foreign Films' Chance

Prediction is made that many exhibitors will be quick to seize advantages of a new freedom of action—will book independent films and more foreign productions.

Restored competition will particularly benefit independent owners of smaller playhouses. The 4,000 de luxe theaters have been taking 80%, the 18,000 smaller houses, 20%, of the $800 millions annual box office receipts.

Attendance at high-priced houses has been declining more rapidly than at the low-cost theaters, has prompted some operators to discontinue feature acts, dispense with orchestras.

Department of Commerce estimated 1929 attendance in the 22,000 movie theaters at 15 millions daily. Sound pictures increased revenues about 15%.

Quick-Frozen Fish Fillets Pass Merchandising Test

SIX weeks of experimental sales in Syracuse, N. Y. have satisfied Atlantic Coast Fisheries that quick-frozen fish fillets can be retailed through existing grocery and meat dealers, using their present refrigerating equipment.

Stores already handling meats were selected—77 independents, 40 chain stores (*The Business Week*, Oct. 1). Tobin Food Co., wholesalers of butter, eggs, etc. distributed the product to the retailers. Advertising and window displays were synchronized, inside store displays arranged alongside of meats.

Consumers, already accustomed to buying many foods in packages, gave little evidence of prejudice, many repeat buyers commenting on convenience of package and excellence of flavor.

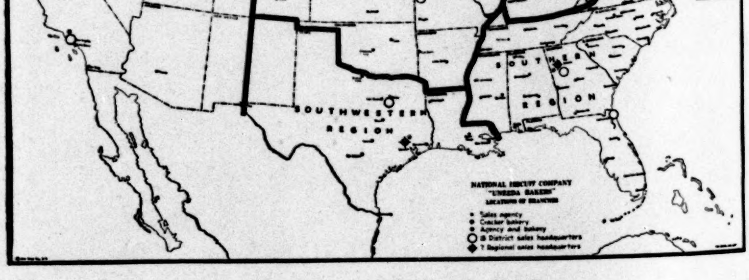
Sales have mounted steadily, were most satisfactory in better type stores located in middle-class neighborhoods and near apartment houses, where simplicity of preparation and cooking had a strong appeal. A house-to-house canvass of consumer reaction is going on.

Chrysler Executives Hold School for Sales Force

BELIEVING that remote-control selling will no longer bring orders in this era of unprecedented automobile competition, executives of Chrysler Sales Corp. have deserted their desks, are visiting distributors' organizations in large cities en masse, to conduct week-long schools on merchandising.

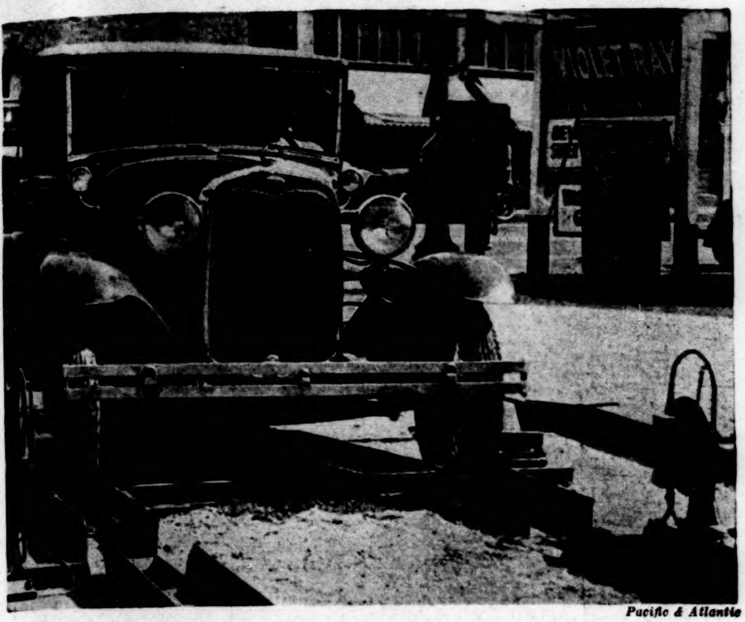
J. W. Frazer, general sales manager, heads a faculty that includes vice-presidents, sales directors, distribution director, advertising manager, and other officials.

Wholesale managers and salesmen of distributors' organizations in the various territories are the classes. Subjects taught include retail management, budget control, every activity and factor involved in selling, with particular emphasis placed on the necessity to develop and maintain efficient dealer outlets. The dealer must make profits if the manufacturer is to have efficient, dependable, and profitable distribution.



"CONTROLLED DISTRIBUTION"

How National Biscuit Co. divides up the country. Sales lines, not state lines, are its business boundaries. It maintains its own distribution system under 7 regional headquarters



Pacific & Atlantic

FREE AIR—AND SERVICE

You needn't leave the car to get your air at this station in Los Angeles. Just set the pressure-control and the machine does the rest automatically. It works through a valve in the hub cap, does everything but hold out its hand for a tip

Motor Industry Hard at Work Curing Seven Sins of Selling

PAUL G. HOFFMAN, intelligently aggressive young vice-president of sales and director of Studebaker Corp., himself a dealer only 5 years ago, tells automobile dealers of America they have lost $500 millions in 5 years. He figures it out this way: 18 million cars have been sold for $15 billions; 5% retailers' profit on this would be $750 millions. Actually, retailers have made only $250 millions. For losing that half billion that might have been salted away, the automobile industry itself is to blame.

Where the Half Billion Went

Specifically, Mr. Hoffman says that 7 things have been or still are wrong:

1. There has been undue forcing of new cars on dealers by manufacturers. This is pretty much cured. It will be "only a negligible influence in 1931 and 1932."

2. Over-liberal extension of credit by dealers to the public hurts some. Finance companies have tightened up considerably in the past 2 years.

3. Lack of capital has caused many deal failures. Poor business, weeding the weaklings out, has been correcting this. Further clean-up is ahead. Manufacturers, bankers, distributors, finance companies are now united in discouraging shoestring dealerships.

4. Lack of conception of the essentials of retailing is still widely prevalent. "Title-itis," says Mr. Hoffman, is a symptom of this. A dealer, having reached the point where he sells 2 or 3 cars a week appoints himself general manager. He hires a sales manager. He calls his best mechanic a service manager (from then on he dare not soil his hands).

5. Lack of inventory control is prevalent. Stocks of parts, used cars, and whatnot get out of balance. C. A. Vane's pointed advice to dealers on used cars is not followed: "Buy 'em right; fix 'em fast; sell 'em quick." Dealers these days should carry only 30 days' supply of used cars.

6. Lack of expense control is a great handicap. General Motors, Studebaker, some other manufacturers, are doing a good job teaching dealers how to handle their financial affairs.

7. Inefficiency of marketing effort exists. This, Mr. Hoffman believes, is most important of all. He tells of an experiment which he made this summer.

A man, accompanied by his wife, was sent out to shop for automobiles. He was instructed to say to the salesman at each agency visited, "I intend to buy a Buick, Studebaker, Chrysler, or Nash. I don't care which. It depends on which gives me the most for my used car." The test was to determine whether salesmen would really attempt to sell their cars or would immediately begin "horse trading." In less than 25% of the cases was any effort made to sell. Three out of 13 in Chicago, 3 out of 13 in Buffalo and 6 out of 31 in Pennsylvania did real selling. Less than half of these insisted on a demonstration. The rest were content to do nothing more than bargain on the old car.

Clearing Used Stocks

When Mr. Hoffman addressed the National Association of Finance Companies' convention a few days ago he made two specific suggestions that would go a long way toward solving the used car problem. One is to insist, as Studebaker is now doing, that dealers sell used cars subject to return after 5 days if the buyer is dissatisfied. The other is to give the prospective buyer a road demonstration of the new car before entering into any discussion of the trade-in value of the old one.

Automobile dealers now realize how foolish they have been in wishing off battery, tire, oil, and accessories business on others. They are making strenuous efforts to recapture. Not only does such business help pay overhead but it maintains acquaintance with customers and so leads to repeat sales.

Mr. Hoffman is in a peculiarly advantageous position to handle dealers. He is one of his own best customers. He built up a goodsized fortune and a still bigger reputation as Pacific Coast distributor; is still a part owner of the Studebaker distributing agencies in Los Angeles.

Truck Deliveries Change Produce Distribution

DESIGNED to reduce waste in distribution of perishable foods due to the discarding or dumping of fruits and produce in efforts to uphold prices; to prevent fraudulent or misleading statements regarding quality, quantity, market conditions; to check unjustified rejection, misrepresentation, and other evils now prevalent in the field, the new Federal Perishable Commodities Act becomes effective Dec. 10. Practically all dealers, brokers, commission merchants, canners and preserve manufacturers, handling fresh or frozen fruits or vegetables, will be required to take out annual licenses at a fee of $10. This applies not only to those who buy the commodities in interstate commerce, but to all who ship their products across state lines.

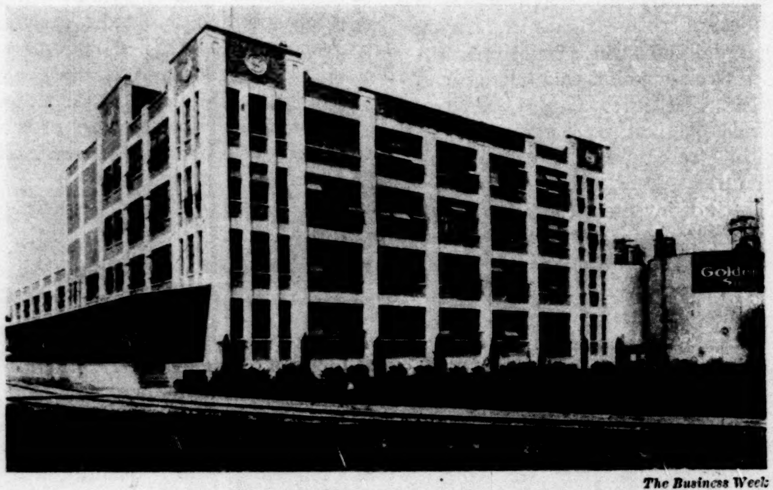
Meanwhile, the entire system of produce distribution is being changed by new methods of preservation at point of production, such as quick freezing, dry canning. It is also being affected by such new developments as the increase in roadside selling to motorists, which deprives retailers of important markets, reduces volume clearing through formerly established channels, eats into the freight tonnage of railroads.

Trucks Make Inroads

Total domestic fresh fruit and vegetable shipments consigned to the country's 66 principal markets in 1929 was 615,387 carloads. California was the leading shipper of 6 of the 18 leading products. New York City constituted he largest single market, taking 130,702 carloads, over 21% of all items, 16% of all potatoes shipped.

Significant is the inroad made into railroad tonnage by motor trucks handling produce. At Los Angeles the equivalent of 21,405 rail carloads arrived by motor truck in 1929, while railroads carried but 17,044 carloads.

At Newark, N. J., 29.8% of all produce arrived by truck, at Denver 21.4%, with the ratio growing in practically all of the 66 markets.



The Business Week

SWIFT'S NEW PACIFIC PLANT

This $2 million building at Los Angeles will be devoted exclusively to the manufacture of "Parfay," Swift's blended shortening introduced last summer. Production capacity is 2 million packages a year

1930 Need to Push Sales Speeds Revolution in Packaging

Spark Plugs, Tires, Towels Gleam Through Cellophane; Corrugated Fibre Board Goes into Gay Colors

STIMULATED by the need this year of every possible sales aid, the improvement in packaging which started several years ago is making great strides just now.

Better protection of goods, ease of handling, economies, all are factors helping to bring about the revolution, but the greatest of all is the desire to increase eye appeal to the consumer. For this reason, cellophane—glossy, tough, transparent, moisture-resistant, goes ahead at an astounding rate.

Every week sees some new product cellophane-packaged. Foods lead in diversity of use of cellophane; cigars probably lead in quantity used. But cellophane is expanding its market into non-perishables—for example, shirts, hosiery, gloves, radio tubes, spark plugs, bottled medicines. U. S. Rubber Co. will wrap its highest grade tire in cellophane—Royal Masters brand. Meat packers are using cellophane on 40 different products, fresh and quick-frozen.

Cannon Mills is marketing towels, washrags in cellophane packages, finds sales stimulated.

A food manufacturer, first in his line to originate a special package, was using one delivery truck in New York; now he has 8.

La Cellophane Co. of Berzon, France, originated the product. The du Pont interests hold the American rights, have vastly expanded the market. Production capacity has been multiplied; 12 price reductions have been made.

Accompanying the increased use, and in large part stimulating it, has been the remarkable development of packaging machinery. Large engineering staffs design special machines often of amazing ingenuity. Package Machinery Co., Springfield, Mass., specializes in wrapping machinery for soaps, cigarettes, biscuits, candies. Pneumatic Scale Corp., at Norfolk Downs, Mass., turns out packaging and bottling machinery; has developed machines for packaging Lux, Sun-Maid Raisins, Ivory Soap Flakes, Kellogg's Corn Flakes, Bromo-Seltzer, Hellmann's Mayonnaise, Carter's Ink.

Small Items Move Faster

Clever packaging sometimes will increase unit sales. For example, the golfer will frequently buy three balls instead of one or two, because three come in a handy package. Small items, selling for 1¢ to 10¢, will move faster in packages of 10 to 25. Incidentally, they will be used up faster; it is human nature to be careless when there is plenty.

Sometimes the package is used to lengthen profits. For instance, one sheet and two pillow cases of a well-known brand can be bought separately for $2.80. In a pretty package, they retail for $3.54. A set of kitchen utensils can be bought "loose" for $1.50; packaged prettily, it sells for $1.75. A garment hanger retails for 16¢, in a neat box, 5 for 90¢.

Considerable intelligent study has been given the past year to increasing efficiency of retail and wholesale handling.

Eveready flashlights and batteries made in a multiplicity of sizes and types were shipped by the manufacturer in any quantities, all units packed in one large packing case. Wholesalers studied the buying habits of retailers, then suggested a standard package of 10 units for the fast-moving items and 5 units for the slow-moving items. Today re-

The captain of industry, like the captain of a ship, lays his future course from records of the past.

HERE'S · A FORECAST OF PROGRESS ★ ★ ★

Stormy weather forces a ship's captain to navigate from the past record of his course . . . In like manner the captain of industry in times of business uncertainty turns to recorded facts for his estimate of the future . . .

Read the record of the Carolinas for the past thirty years and you can easily forecast the progress of the next ten:

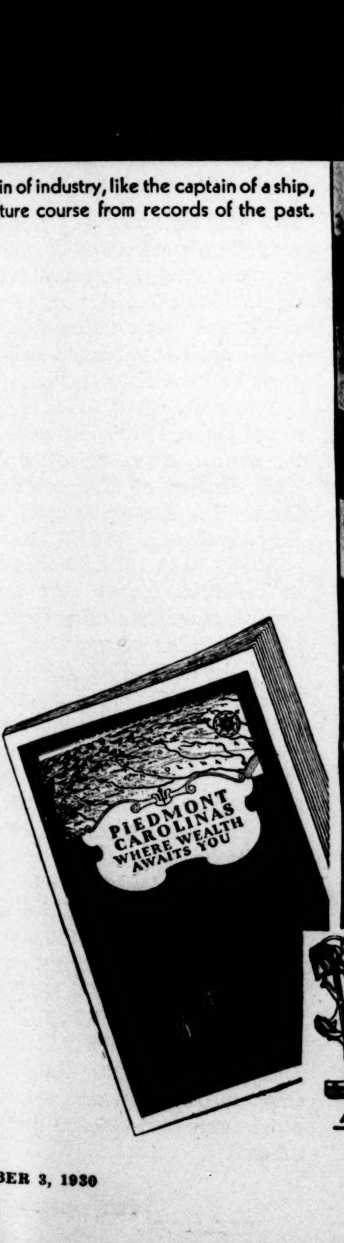
In 1900	In 1930
There were 118,705 industrial wage earners in the Carolinas.	At present there are nearly three times as many—over 350,000.
Wages then paid annually were $23,324,330.	Today's annual payroll is in excess of $232,872,300.
There were 257 cotton mills, 69 furniture factories, 30 knit goods manufactories.	Now there are 695 cotton mills, 146 makers of furniture, 139 knit goods plants.
The six leading industries in 1900 produced the following: Manufactured foods, $1,954,303. Furniture, $1,617,263. Other wood products, $160,368. Textiles, $60,392,748. Textile finishing, $175,750. Tobacco, $13,882,210.	The six leading industries today exceed the following: Manufactured foods, $44,000,000. Furniture, $57,000,000. Other wood products, $90,000,000. Textiles, $624,000,000. Textile finishing, $26,000,000. Tobacco, $392,050,130.
Value of all manufactured goods amounted to $153,668,394.	Now total value of manufactured goods is over $1,512,980,000.
Bank clearances were considerably under $100,000,000.	Last year bank clearances totalled $1,553,628,000.
There were 27,609 telephones, 16,178 automobiles and less than 3,000 miles of surfaced road. Miles of paved road in 1900—none.	This year there are 238,900 telephones, 739,827 automobiles and 44,993 miles of surfaced road. Paved road, Jan. 1, 1930—6,489 miles.
Expended for public school education, $1,844,000.	Public school budget for 1930 exceeds $54,725,000.
Population, 3,234,126.	Population, 4,902,854.

Why this development since 1900? What of the next ten years . . . the next twenty? You will find a clue to the answers in the book, PIEDMONT CAROLINAS, WHERE WEALTH AWAITS YOU. It shows the permanent, underlying advantages that have made this a great manufacturing section . . . advantages that are destined to make it even greater.

Sent, on request, to business executives. Address, please (on business letterhead) Industrial Department, Room 409, Power Building, Charlotte, N. C. Your inquiry will receive a prompt, courteous response.

DUKE POWER COMPANY

SOUTHERN PUBLIC UTILITIES CO. AND OTHER ALLIED INTERESTS



PIEDMONT
INDUSTRY
CAROLINAS

tailers purchase almost entirely in standard package quantities, keep shelf stock in better condition, have increased rate of turn-over.

Ready-mixed paints, soaps, cleansers, various food products were packed in standard cases containing too many units for practical distribution to retailers until a study disclosed the number of units that could be packed in one standard case to best advantage and would necessitate the least re-packing.

Demand for new or novel packaging materials naturally has stimulated research. Container Corp. of America, Chicago, after many years of experimenting has succeeded in producing corrugated fibre board in a variety of attractive colors.

A New Paper Board

Richardson Co., Cincinnati, has developed a new paper-board made from an asphalted fibre base, practically impervious to changes in atmospheric conditions. Any desired color can be supplied; printing or embossing can be applied. It is exceptionally strong, will stand much rough handling, is light. Duxboard Trabox made from this new material and used for shipping fresh fruits has been found highly satisfactory.

Flexwood Co., Chicago, has developed a process by which a wood veneer 1/60 to 1/120 inch thick is glued to a strong paper or cloth backing and then flexed by a special process. It can be applied to all types of metal or wood, and cheaply provides a genuine wood surface in mahogany, walnut, and other valuable woods.

Short Crop, High Prices, Pay Record Sum to Sunkist Growers

CALIFORNIA'S output of oranges for the year ending Oct. 31 was 32% less than the huge 1929 crop, yet it brought $16 millions more to the producer—$5 millions more, indeed, thany any previous crop in history. The 1929 crop was 88,010 cars; after refrigeration and freight deductions, it netted $118,875,000; this year, 59,000 cars netted $135 millions. Despite high prices, the market quickly absorbed the crop.

California Fruit Growers Exchange handled 77% of the crop, as usual. This famous co-op started in Los Angeles 26 years ago. It has 22 district exchanges, with 205 sub-associations, of 12,000 members. The sub-associations grade, pack, load the fruit in cars. The exchange does the rest.

It sells, delivers, collects for half the citrus fruit consumed in the United States and Canada. It has its own sales force in 88 cities. It has agents in every important market in the world. Its 22 permanent contact men make 90,000 calls a year on dealers in 900 cities. An extensive research department spends a large appropriation yearly in warfare on pests, and to develop improved fruit.

A subsidiary, Fruit Growers Supply Co., cuts from its 70,000 acres of standing timber the wood necessary for boxes and orchard supplies, manufactures the boxes in its own mills. It buys other supplies for orchardists at a cost of $9 millions and turns back $218,000 profit.

A by-product department sits up nights to devise new means of utilizing citrus fruits. It was this department which invented the Sunkist juice extractor, marketed it at cost so successfully that 128,000 are in use in stores and homes. Supposedly they stimulate the use of orange juice.

But the chief duty of the exchange undoubtedly is to advertise the Sunkist brand, everywhere and all the time. It spent $1,300,000 in 1930 advertising; will spend $1,600,000 in 1931. Advertising started 23 years ago, when one American out of every 15 bought one orange a year. Today every member of a vastly increased population eats 5 oranges a year.

Retailers Await Flood of Christmas Club Funds

CASH distributions totaling $632,370,000 will be made this year to about 11 million members of Christmas Clubs in more than 8,000 banking institutions. Some banks plan to mail the checks one week earlier than usual to enable their members to help employment by immediate buying.

While the 1930 funds mark a new record figure, 1930's increase is less than the normal, according to the Christmas Club division of National Bancservice Corp. The average amount of savings per member is $54.60, as compared with $59.50 in 1929. Reduced payrolls in industrial centers have caused this decline, more than offset by an increase in the number of members.

Of the total distribution, 38% are expected for Christmas purchases, 30% for permanent savings and investment, 13% for year-end commitments, 6% for insurance premiums, 5½% for mortgage and mortgage interest, 4½% for taxes, and 3% for education, travel, and charity.

New York leads the other states in the accumulation of Christmas funds with a total of $138,650,000; Massachusetts, with the largest per capita state savings, totals $72,300,000; Pennsylvania reports $71,800,000; Illinois $60,370,000; Ohio, $43,680,000; New Jersey, $40,600,000. In New York City's metropolitan area a total of approximately $95,000,000 will be distributed.

Wide World

AIRPLANE TENDER

Gulf Refining Co. designed this tank-truck especially for airport service. It carries gasoline and oil, the latter kept hot electrically so that planes may shorten the warm-up period

1931

OPPORTUNITY FOR SALE!

THIS is one of those times when it seems desirable to emphasize the obvious.

Thus, good business in America is twelve months nearer revival than it was a year ago.

There are more people in the country now than then, more real money piling up in the banks, more wholesale, retail, consumers' shelves yawning for stock.

In the meanwhile Wear and Tear, Need and Desire—the Four Horsemen of commodity consumption—ride tirelessly on the job.

IF the combination of these obvious facts doesn't spell Opportunity in eye-smiting letters for the unafraid manufacturer of worthy goods we don't know our orthography.

A year from now many a Fabian businessman will look backward and regretfully wonder how he missed it.

The whole history of Business is golden testimony to the truth that *in times like these* the seeds of future growth and greatness are most fruitfully and most enduringly sown.

Even now, in almost every line, the businesses that are heeding this lesson by *working* instead of *wishing* are depression-proof and flourishing like the green bay tree!

THE SATURDAY EVENING POST feels kinship with every business that has the vision and the will to prosper.

It offers the deserving advertiser *now when needed* a privileged entry *under matchless sponsorship* into the richest, soundest market on earth.

It carries his message straight to the preferred families of America—that hub *three-million-strong* which turns the taste, thinking, *buying* of the nation—and fortifies it with the indorsement of its own tested character.

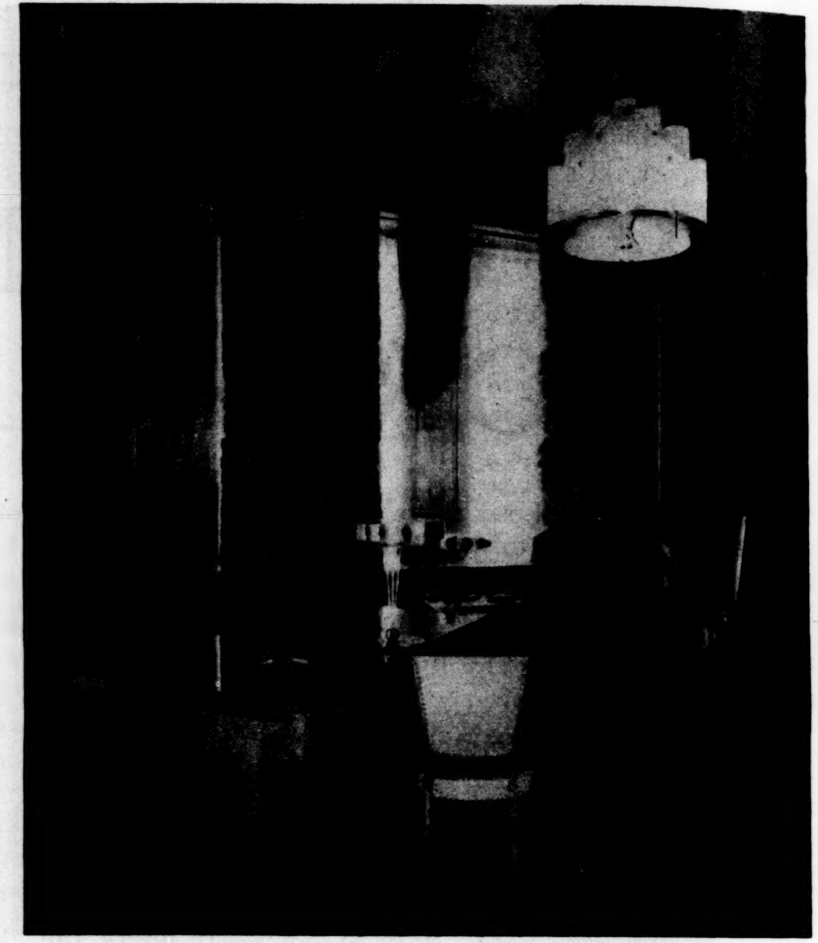
If the facts about your product will make intelligent people want it, our advertising pages can be in all truth designated "Opportunity for Sale"!

THE SATURDAY EVENING POST

"AN AMERICAN INSTITUTION"

THE CURTIS PUBLISHING COMPANY INDEPENDENCE SQUARE, PHILADELPHIA

When the Jewel Tea Company moved to Barrington their architects, Holabird and Root, came to Leopold to have their designs transformed into fine furniture. The result is shown here.



The man who leaves a well furnished home should step into a well furnished office

BUSINESS executives are today demanding offices as well furnished as their homes. Their positions require such offices, for acquaintances often gain a wrong impression of a man and his company from his office. Such wrong impressions can be far more costly than fine furniture.

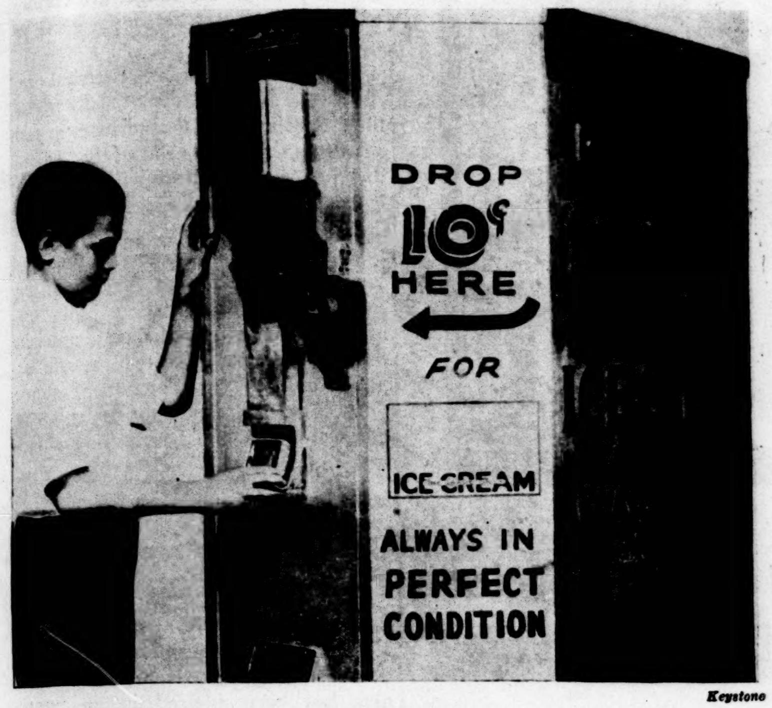
As these business men engage architects or interior decorators to redesign their offices, Leopold furniture becomes a natural choice. Designers know that it has the same fine character that is found in home furniture of the better sort; excellent design, splendid woods, superb workmanship.

Your own decorator or architect possibly has used Leopold furniture to create an unusual office. He will tell you about the suitability of this furniture for a fine office.

Such offices make real the thought "the spirit of gracious living moves downtown." A booklet bearing that title shows a number of interesting offices — and will give you some ideas about how an office can be recreated. Send for a copy; you'll find it helpful. Also visit the Leopold dealer; you'll find the furniture interesting.

THE LEOPOLD COMPANY

BUILDERS OF OFFICE FURNITURE AT BURLINGTON, IOWA, SINCE 1876



Keystone

ICE CREAM ROBOT

Brick ice cream is packed in individual boxes, complete with wooden spoon. The vending machine keeps it under refrigeration, delivers it for a dime. It is intended especially for office buildings

Midgets Make Big Change In Radio Merchandising

THE radio industry is beginning to feel the "menace of the midget." The miniature set first made its appearance in California a year ago. In October, from 40% to 50% of all sets sold in the country were midgets. One leading dealer in New York reports that sales of the new model constitute 60% of his current total business.

This development has cut the average retail sale from $115 to $65 after 3 years in which the public had been taking increasingly to sets housed in elaborate furniture on which there is a handsome profit. The midget price runs from $49.50 to $65 less tubes, and there is practically no furniture on which to make money.

Only the tube manufacturers can see a silver lining to the midget cloud, but some dealers are beginning to wonder whether the miniature model isn't opening up an entirely new market among those who could not afford to pay the prices hitherto charged.

From a single maker in Los Angeles, the list of companies building the Tom Thumb sets has increased to 50 with many fly-by-night concerns trailing along. The first national company to take up the midget was Philco. Crosley and American Bosch now offer models; The B. F. Goodrich Co., through Goodrich Silvertown, Inc., will sell a bantam set to be made for the tire company and bearing its name. More than 20 of the 50 midget makers are situated in Los Angeles.

In an effort to capitalize on the new development as best they could, radio merchandising experts put their heads together and made the following recommendations to dealers through the columns of *Radio Retailing*: Midgets should be promoted chiefly as a leader to bigger sales; for door-bell demonstrations in the home where a higher price would shut the door immediately; to draw people to the radio stores; as a second set. They urge that the sets be sold for cash only; that a charge of $10 be made for installation.

Electrical Manufacturing Behind '29, Ahead of '28

INDUSTRIAL activity in electrical manufacturing is 28% below the level of last year at the same time, reports from individual concerns to *Electrical World* reveal. October ran 6.3% below September.

But electrical manufacturing has held much closer to the 1929 record than has industry in general. For the first 10 months of this year the decrease was under 3%, whereas the weighted average for all industry dropped 15%. Compared with 1928, the 10 months showed an increase of 24%. Even October, lowest month thus far in 1930, was 2.5% ahead of October, 1928.

Electrical Dealers Get Their Chance to Prove It

ELECTRICAL contractors and dealers have complained long and bitterly of utility competition in the sale of electrical goods. At their conventions, through their trade publications, they have consistently contended that the central stations could safely leave the merchandising field to them without fear of a slump in the annual increase in the power load which is what the utilities are chiefly interested in.

Southern California Edison Co., Ltd., is going to give them a chance to prove their case by temporarily withdrawing from direct sales activities in the city of Long Beach, Calif. (1930 population, 141,528). The whole utilities industry is watching the experiment with keen interest.

Limits Test to 1931

By the terms of its withdrawal, the California company reserves the right to sell to customers who insist on it, limits the test to 1931, will continue to carry adequate stocks of merchandise and keep up load-building advertising. Prospects for ranges and refrigerators, outstanding sales items and chief items in the long controversy, will be supplied with cards listing dealers from whom they can make purchases.

Actual announcement of the utility's long-rumored decision by its vice-president, W. L. Frost, found dealers unprepared, caused consternation among leaders of the industry who were anxious to have the experiment tried but wanted more time for preparation.

Merchants Combine Effort

To meet the situation, the Long Beach Electrical Merchants' Association has been formed, has enlisted the support of the Association of Electragists International (trade body of electrical contractors and dealers), is sponsoring a cooperative advertising campaign on electric ranges, has drawn up definite

Complete Service to Commercial and Individual Depositors

IT is of distinct advantage to a business house or an individual to have an account with a completely equipped institution such as this Company.

Our organization comprises many departments, covering in the scope of their functions the entire field of domestic and international banking and trust service.

Immediate access to the facilities of any of our various departments is afforded to our depositors — an important factor when promptness is desirable.

We are always glad to discuss our service in detail.

Guaranty Trust Company
of New York
140 Broadway
LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP
CAPITAL, SURPLUS AND UNDIVIDED PROFITS
MORE THAN $295,000,000

dealer policies on range installations, trade-in allowances, down-payments, instalment terms.

Furniture, hardware, electrical and specialty dealers, department stores, hope to sell electrical appliances in such quantities that, at the end of the "laboratory period," the utility will decide that it can withdraw permanently from the field.

A survey of 14 communities, just completed by *Electrical Merchandising*, shows that central stations sell 29% of all electrical appliances; specialty dealers and manufacturers' re-sale organizations, 37%; department stores, 13%; electrical contractor-dealers, 9%; hardware and house-furnishing stores, 9%; miscellaneous outlets, 3%.

Big European Stores Pool Trade Information

EUROPEAN NEWS BUREAU (*By Cable*)—The European business man's traditional wall of secretiveness and aloofness has been pierced in an unprecedented fashion by 9 of Europe's most important department stores, through the medium of an association sponsored by the International Management Institute in Geneva. Absolutely free interchange of trade information, methods, and statistics is required of the members of The Management Research Group of Department Stores, which includes Le Printemps, France; Rinascente, Italy; Innovation, Belgium; Byenkorl, Holland; Magazin du Nord, Denmark; Nordiska Kampaniet, Sweden; El Siglo, Spain; Leonard Tietz A. G., Germany; and Harrods, Ltd., England. Only one store in each country is represented, because it is felt that only non-competitive units will feel entirely free in the exchange of trade information.

This association, the 9 members of which have aggregate annual sales of $245 millions, recently held its ninth periodic management meeting at the headquarters of Harrods, Ltd., in London. Particular attention was given to the effect of the world depression on department store policies.

Every innovation or improvement in method by one of these stores is immediately made available to the other 8. Standard methods reduce all statistical data to a uniform basis for comparison. Special committees work on common problems. American members of the Management Institute are responsible for turning over to the group management suggestions from American department stores.

The Grape Surplus Dwindles (And Ferments) in Milwaukee

Chicago Is Next on the List to Taste The Results of Mr. Legge's Control Plan

WHILE Colonel Fred Pabst, Sr., claims he is spending more than $1 million for machinery and grains for his Milwaukee brewery on the hunch that beer will come back within a reasonable time, wine has returned in Milwaukee. California's Fruit Industries, Inc., child of the Farm Board, has come right into the bailiwick of the brewers with a product that is non-alcoholic upon delivery to the customer's home but which is so prepared that when exposed to air it will start alcoholic fermentation.

Eight varieties of the unfermented wine grape juice—"Port, Virginia Dare, Tokay, Muscatel, Burgundy, Claret, Sauterne and Riesling" are now on sale under the trade name "Vine-Glo," in more than 400 independent drug stores of Milwaukee. A 5-gallon keg costs $14.75; a 10-gallon, $24.50.

Fruit Industries, Inc., formed by merging 8 manufacturers of wine and grape by-products, is the concern which is charged with the responsibility of building a by-product market for the close to 400,000 tons which is the entire surplus of the 1930 grape crop that the Farm Board purchased for $14 millions through the California Grape Control Board, Ltd. (*The Business Week*, June 11).

Milwaukee was picked for the sales tryout. Advertising was heavy, including full pages in newspapers. The campaign was most successful. Chicago is next. Headquarters in the Pure Oil building there are busy; 1,200 drug stores have been signed up. An aggressive advertising campaign is scheduled to start early in December. It is planned to open up other big metropolitan markets in rapid succession.

Whether or not making of wine at home is in accord with the spirit of the federal prohibition laws, it is within the letter as such laws are now interpreted by enforcement authorities. With characteristic directness and fearlessness of criticism, Alexander Legge has provided the $350-million grape industry with the money necessary to take advantage of a real business opportunity. The demand exists. There is no doubt about that.

For 8 years the California grape industry has endured hard times. This year the Farm Board has put into effect its 10-year program which looks like the most successful thing the Board has done.

Due to removal of the surplus by the Farm Board purchases, and aggressive merchandising of table and raisin grapes at the same time, prices are now above those prevailing at this time in the last two years.

Burton A. Towne, president of California Vineyardists' Association, one of the main cooperating groups states: "Fruit Industries, Inc., did not receive its first loan of $1,000,000 until July 1. Not until after that date could it begin to consolidate its physical properties, inventories, and set up a single management. Since Aug. 1, Fruit Industries has ordered, installed, and changed its facilities so as to permit of the manufacture *into concentrate* of 250 tons of grapes per day in Southern California, 350 tons at Delano and 300 tons at Lodi."

"All local markets," Mr. Towne adds, "are consuming more grapes than in former years, due to the trade promotion and a better understanding concerning the lawful use of grapes and grape products."

Wide World

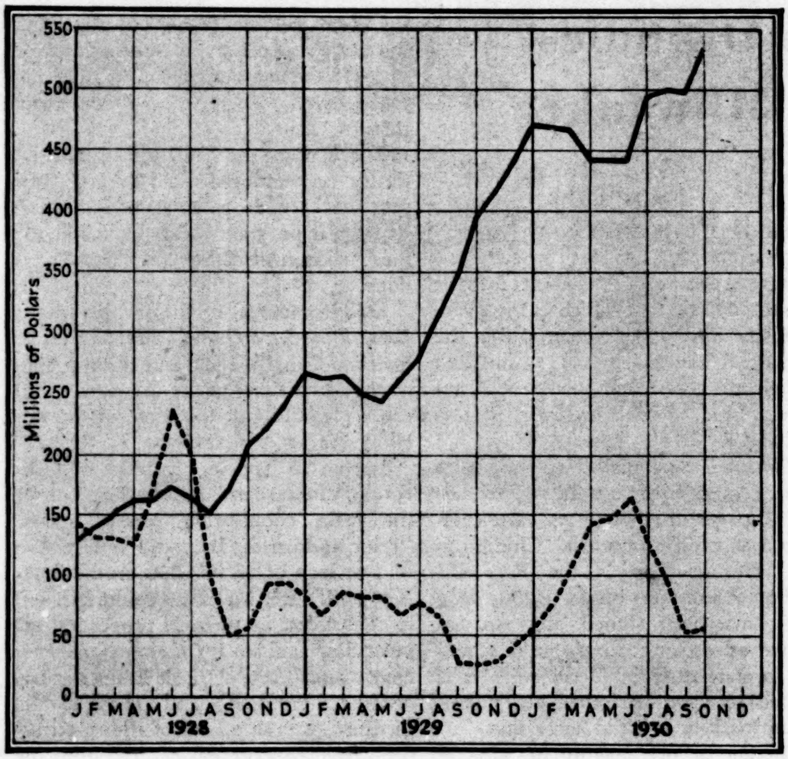
WASHINGTON ADVANCES CONSTRUCTION

Excavating begins on the new House of Representatives office building to be erected south of the Capitol

The Rainbow May Lead To a Pot of Gold, at That

AN interesting and successful use of color in industry has been made in the shoemaking plant of E. T. Wright Co., Rockland, Mass. All ceilings in the plant are painted white, but all machinery, shoe racks, and overhead piping are in color—one color to each department. Colors used are delicate shades of orchid, green, blue, or orange. In offices, telephones, desks and other equipment have been painted to fit the general scheme.

Under these conditions it has been found that workers experience less fatigue than formerly; that use of bright colors has removed the dingy and depressing aspect of factory life; that brighter working conditions induce more efficient workmanship. Accidents have been reduced considerably and more interest is shown in keeping work places clean and the product free from defects.



Foreign Loans by the United States

The solid line shows bankers' acceptances in the U. S. by months, based on goods shipped between, and stored in, foreign countries, as compiled by the American Acceptance Council. Dotted line is American long-term loans on 3 months' moving average basis. Compiled by the Department of Commerce. Acceptances increase as foreign long-term loans decrease: foreign countries get our money anyhow

Acceptances Help to Fill Gap Left by Slump in Foreign Loans

THE imperative demand for dollars, which has been manifested by foreign countries in heavy borrowings from this country since the World War, is now adapting itself to the current unwillingness of many classes of investors to lend on long term. This is shown in a tremendous increase in the volume of bankers' acceptances to finance foreign business. Their present total—more than $500 millions—is a new high record.

This change in method of lending points to an increasing financing of foreigners by American commercial banks and the Federal Reserve system, with a corresponding decrease in financing by private and institutional investors.

Foreign long-term loans have been difficult to obtain, due to a wobbly bond market during the past 2 years (*The Business Week,* Nov. 19). Growing international use of the dollar for financing short-term transactions (*The Business Week,* Dec. 18) is helping business to surmount this difficulty.

The chart on this page shows what has happened. The lower line represents the trend of long-term loans to foreigners by this country; the upper and rapidly mounting one traces the use of bankers' acceptances based on goods shipped between and goods stored in foreign countries.

As long-term loans declined from June, 1928, when stock speculation was sucking funds from everywhere and the Federal Reserve began its policy of credit restriction, these foreign acceptances began a rapid rise. They receded a little seasonally and due to unusually large long-term loans in March, 1929. Then the rise began again and was continued through the remainder of the year as long-term loans were curtailed. A slight seasonal recession in early 1930 was accentuated by a rise in foreign long-term loans, with a show of strength—later to prove unsustained—in the bond market. The subsequent drop in long-term loans has been accompanied by a rise in foreign acceptances.

The rise of this type of acceptance has not been accompanied by increases in other types. The business recession throughout the world has brought a decline during 1930 in import and export and domestic warehouse acceptances.

War Debt Demands

The demand for dollars by foreign countries is based on their need of funds to cover the more than $200 millions due annually in war debt payments, the more than $600 millions net receipts from private investment abroad, and the balance of commodity trade in favor of the United States. As yet, most countries are not—or think they are not—earning enough to pay these obligations without borrowing, especially in this period of business depression.

A particularly large part of the acceptances based on foreign transactions comes from Germany. The Germans are, perhaps, more in need of dollars than any other country, due to the exceptionally large volume of private American investments in their country and the fact that Germany is the ultimate payer of war debts. Reparation payments from Germany to the allies provide funds for allied debt payments to this country.

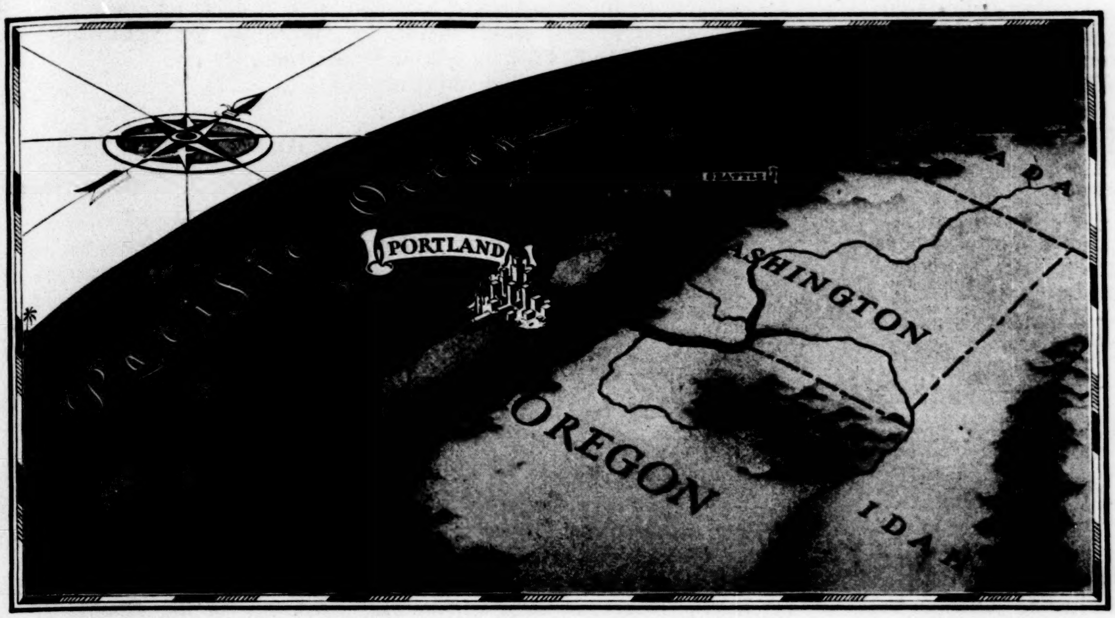
Results of a comprehensive survey recently disclosed to *The Business Week* show that only a small part of the foreign bills is based on stored goods. Of this small part a considerable portion is based on American goods stored abroad and not on foreign goods. Principal American commodity in this class is cotton. This would seem to indicate that most of the foreign bills are of a self-liquidating nature and to dispel fears that the growth results from bills based on stored goods. Some portion of the total of foreign bills, however, is more nearly finance bills than trade bills, though put in the latter class.

Rates Lower Here

Two other factors are bringing increasing amounts of short-term financing to this country.

First, acceptance rates are from 3/16% to ¼% lower in New York than in London, the other great acceptance center. Furthermore, London is at present disinclined to increase her commitments

THE PACIFIC ERA IS HERE



Come ON-TO-OREGON . . . and Portland

PORTLAND . . . the seaport . . . distributing center of the Pacific Northwest . . . a busy metropolis of 301,890 people (1930 census), and the commercial capital of a contiguous market of 2,500,000 population, stands strategically at the gateway to the Columbia River Basin. Here begins the only water level route to this Empire of over 250,000 square miles; an area equal to all New England plus New York, New Jersey, Delaware, Pennsylvania, Ohio and Indiana.

Ships from all ports unload their cargoes at Portland, returning with lumber, wool, fruit, salmon, wheat, and other products. Four transcontinental railways, oceanic, coastwise and river shipping, a network of auto freight lines, 2700 miles of hard surfaced highways, give quick and economical access to the Pacific Northwest, the intermountain, and national markets.

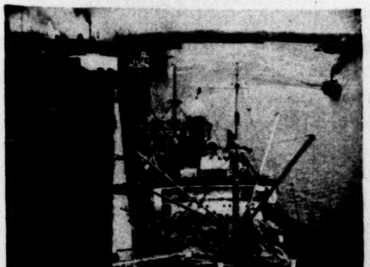
And here living is at its best! Portland is a home city—a veritable garden spot caressed by a mild, animating climate.* Outdoor sports and gardens are enjoyed the year 'round by a home loving people (44.6 per cent of Portlanders own their own homes), who earn $304 more per annum than the nation's average.

Oregon's climate* and environments are conducive to more productive and efficient labor, healthier and higher standards of living. Portland manufacturers in several lines familiar with labor conditions elsewhere, report that the higher efficiency of workers here is equal to a saving of 15 per cent in labor costs as compared to the cost of labor in eastern and middle-western industrial centers.

Today, time and distance are no barriers to men. Why not live as you would wish to live, where *you would like* to live? The man who has attained a measure of success, who has initiative, foresight, and ambition, can achieve a greater degree of success and enjoy a fuller measure of the worthwhile things in life in Portland.

"The Era of the Pacific" has barely begun. The next theatre of national development will be on the Pacific Coast. A rich market now, it is growing bigger and richer every day. Oriental trade is forging ahead. Capital in increasing amounts is developing Oregon's basic resources. The eyes of industry are turning Westward! Get in on the ground floor!

Interesting and authoritative Industrial Data will be sent with the compliments of the citizens of Portland. *Write for it.*



Ships drop their barnacles while they load in Portland's fresh water harbor. Drydocking and scraping is unnecessary.

Fewer Fog Hours at Portland Harbor Entrance

Port	Distance to Ocean	Annual Fog Hours	
Seattle	117 miles	1091	10 year average
Portland	**110 miles**	**541**	
San Francisco	10 miles	1089	
Los Angeles	24 miles	841	

***PORTLAND'S ANIMATING CLIMATE**

Scientists agree that man is more active physically at a temperature of 55 to 70 degrees than when it is colder or warmer and that he does his best brain work when outdoor temperature is around 40°. They also agree that Pacific Northwest climate fits these specifications exactly. Portland's average temperature for the past 10 years for January has been 39.6 degrees and for July 67.2 degrees. A seasonable climate without excessive humidity — it is animating and energizing, without extremes of heat or cold.

PORTLAND, OREGON

The fresh water port of the Pacific

ON-TO-OREGON, Inc.
1391 Public Service Building
Portland, Oregon

Gentlemen:
Please send me FREE, Industrial Data on Portland and Oregon.

Name..
Firm..
Address..
City.............................. State..............................

abroad, wants to keep her funds at home, so would-be borrowers are forced to come here. This does not, mean, say acceptance dealers, that the United States is taking business the British do not want.

Secondly, new competition from Parisian attempts to build an acceptance market in the French capital has stimulated American firms. Though France is not yet an important acceptance nation, American interests are looking after their business.

The acceptance of time bills of exchange by banks which make bankers' acceptances is done largely by leading American commercial institutions. The first 10 in order of volume of business done in October, for example, were Chase National, Guaranty Trust, National City, International Acceptance Bank (affiliate of Bank of the Manhattan Trust Co.) Irving Trust, Central Hanover, Bank of America, all of New York; First National of Boston, Continental Illinois of Chicago, and Bankers Trust of New York.

Thus leading American banks are, by this method of financing foreigners, taking the place of investors in bonds such as private individuals, investment bankers and other institutional bond-buyers.

Behind the American acceptance market stands the Federal Reserve system as its chief supporter. Though the present tendency to invest for short term only has brought much greater acceptance buying for investment by American banks, the Reserve banks, buying for themselves and for foreign correspondents, hold about one-third of all acceptances outstanding. To the extent that the Reserve banks support acceptances they support lending abroad. To the extent that the Reserve banks place in acceptances the funds which they hold for foreigners they make it possible for foreigners to utilize these funds without withdrawing them.

Failures Bring Demand For Closer Bank Control

THE epidemic of bank failures in the South and elsewhere emphasizes in the minds of many banking officials the need for strengthening the control of the Comptroller of Currency over national banks, of state supervisors over state banks. Larger examining staffs to make possible more frequent and more thorough examinations, and greater powers to deal with any questionable situations which may be found are seen as principal needs. The feeling is that the public is entitled to assurance that banks will not be permitted to drift into an unsound condition.

Legislators returning to Washington for the short session of Congress carry such thoughts with them, though chances are small for legislation during this session.

Cities Tap Gas Lines; Experts Estimate Supply

THIS week saw natural gas turned on in several important cities without the ballyhoo which has attended much of the activity in this rough-and-ready industry. Four large southern gas companies cut in on the natural product and will use it in the future: the Macon Gas Co., Macon, Ga.; Alabama Utilities Service Co., Montgomery and Selma, Ala.; Mobile Gas Co., Mobile, Ala.; Georgia Public Utilities Co., Griffin, Ga. Next week Pensacola will become the first city in Florida to be supplied with natural gas.

The major part of the new 390-mile pipe line of the Albuquerque Natural Gas Co. is now functioning, supplying the fuel to consumers in Albuquerque, Santa Fe, Farmington, New Mexico and Durango, Colo. The Montana Cities Gas Co., serving Great Falls and other urban centers of the state, made a contract this week with the Range Oil & Gas Co. of Calgary, Canada, for a supplementary supply of the fuel for expansion purposes.

On the Pacific Coast, the Pacific Gas & Electric Co., pioneer in the natural gas field, announces it has contracted for more than 30% of the total potential market in its territory. At the present rate of progress, 45% will have been signed up by 1931; contracts call for 13 billion cu.ft. annually.

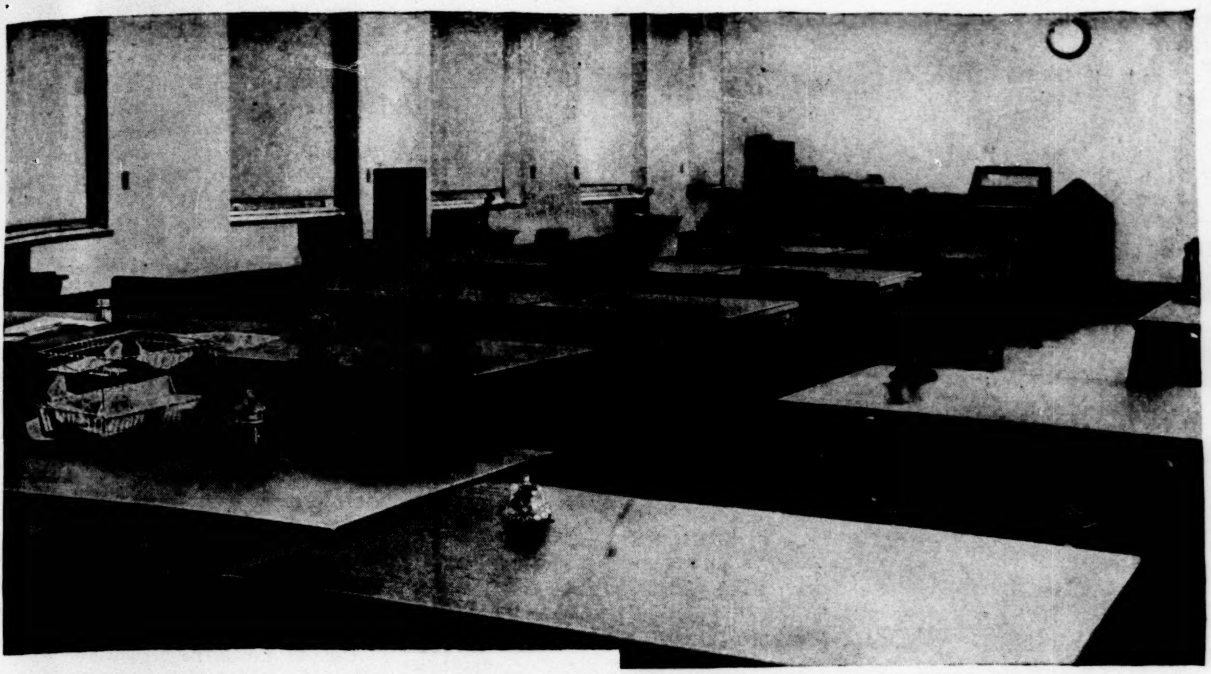
A slowing up in pipe line orders is reported by the steel industry. Production was at capacity from May to September but has slipped off since Oct. 1 until it is now about half of its former rate. Revival is expected early in 1931.

Further light on the probable supply of natural gas for future use was shed this week by E. B. Swanson, chief economist of the petroleum division of the U. S. Bureau of Mines, who estimates that reserves tributary to the longer pipe lines now in existence will be able to supply a demand of 1,250,000,000 cubic feet daily for 37 years. The Texas Panhandle will supply the bulk of gas to the Middle West; the South will get the fuel from the Monroe-Richmond fields in Louisiana; California will serve the Pacific states.

International News

THE SHOWER-BATH TEST

To measure its resistance to rain, this airplane engine—equipped with new rain protectors—is run in the face of an artificial storm



Office of the JERSEY JOURNAL, *Jersey City, N. J. Wood office furniture makes this room friendly . . . comfortable*

BETTER WORK

WITH THE WARMTH AND FRIENDLINESS OF

WOOD OFFICE FURNITURE

THE TREND in modern office furnishing is to provide better working conditions . . . more efficient business tools

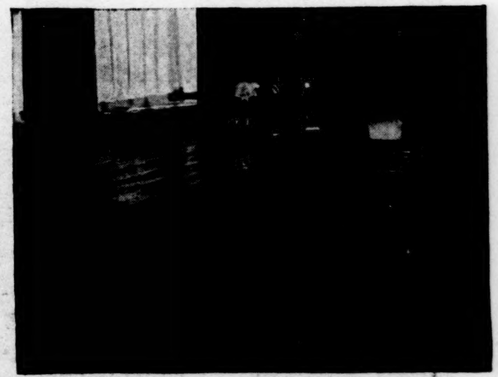
Executives, realizing that they accomplish more in congenial surroundings, demand office furniture of wood —and apply the same principle to their entire organization. For workers of all classes respond to the appeal of wood office furniture. They like its warmth . . . beauty . . . friendliness. It adds interest to their work...encourages wholehearted coöperation.

Well-polished wood has a personality which cannot successfully be imitated. Man-made swirls, curves and patterns artificially imposed on alien surfaces are mechanical and uninteresting in appearance . . . lack the "natural" qualities which make wood individual . . . attractive.

Wood office furniture is stronger, pound for pound . . . light in weight . . . quiet in action...non-mechanical...*actually protects data from fire better than do substitute materials.*

The leading American manufacturers of wood office furniture provide a wide range of appropriate models—period suites for executives . . . desks and chairs for other employees . . . furniture for all office needs. Consult your local dealer.

Send for the free booklet, *"Planning the Modern Office in Wood,"* which contains complete data on office planning, and a handy chart that will help you lay out an attractive, efficient office to meet your individual requirements. **WOOD OFFICE FURNITURE ASSOCIATES, INC.** Affiliated with the National Lumber Manufacturers Association.



Modernistic desk and chair of wood in the office of the JEWEL TEA COMPANY, *Barrington, Ill. The "natural" swirls and curves of wood make it well adapted for this type of office furniture*

WOOD OFFICE FURNITURE

Mail Today

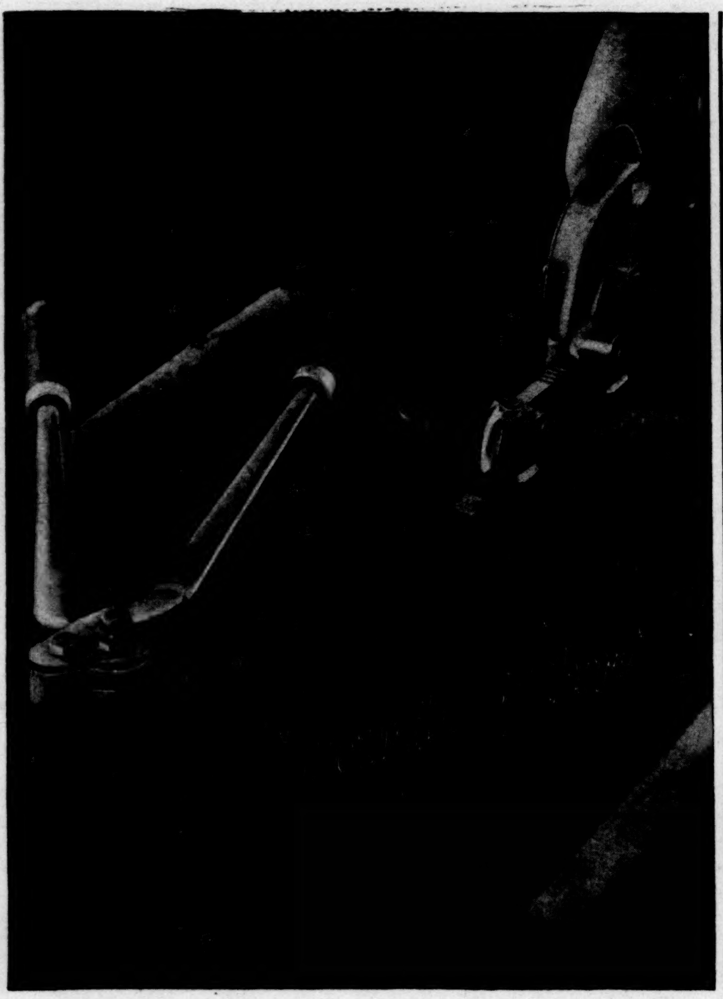
WOOD OFFICE FURNITURE ASSOCIATES INC.
WOOD IS "NATURALLY" BETTER

WOOD OFFICE FURNITURE ASSOCIATES, INC.
Dept. 112, Graybar Building
New York City
***Gentlemen:* Please send me the free booklet, "Planning the Modern Office in Wood."**

Name ______

Address ______

City ______ **State** ______



Boxes weighing less than ten lbs. are assessed a lower express rate when strapped in bundles. Send for copy of Rule No. 11, Official Express Classification.

Acme Nailless Band is saving money and eliminating claims and worry for thousands of shippers.

Illustrated is the Acme Type "S" Stretcher, one of the complete line of Acme Strapping Tools. This is a fast, handy stretcher designed especially for applying light gauge band to fibre and corrugated boxes, for strapping round, small, and odd shaped packages, and for bundling.

Regardless of the kind of container you use, there is a size of Acme Nailless Band and strapping tool that will reinforce it quickly and economically. Let us show you how. Acme Steel Company, 2832 Archer Ave., Chicago.

1880 ACME STEEL COMPANY 1930
OUR GOLDEN ANNIVERSARY
SAVE WITH STEEL

34

Wide Reading

Rates and John Smith. Fred W. Sargent. *World's Work,* December. The way to lower freight rates is to raise them: in the long run an attractive return on investment is the very means by which prices are lowered and facilities improved.

The Limitations of the Expert. Harold J. Laski. *Harper's,* December. In an age of experts we are saved from a one-sided point of view by the common citizen.

Dividends Are Insured—Why Not Wages? Lewis Corey. *Nation,* Nov. 26. Officers of corporations not only take care of stockholders (and themselves as stockholders), but also take care of themselves as officers.

"Sold" on Foreign Bonds. Lawrence Dennis. *New Republic,* Nov. 19. How and why we have lost millions in these securities.

Selling the World. Dr. Julius Klein. *Collier's,* Nov. 22. Our world trade goes marching ahead, despite obstacles, chiefly because foreign consumers prefer some of our products.

Use of Color in Newspaper Advertising Makes Definite Progress. John L. Scott. *Printed Salesmanship,* November. Extra colors offered by newspapers in both run-of-paper and special sections find growing favor among advertisers.

Refiners Warned of Gasoline Stock Growth Danger in Lower Demand. V. B. Guthrie. *National Petroleum News,* Nov. 12. Annual engineering number.

Handling Silk in Trainload Lots. *Railway Age,* Nov. 15. Revenue derived from handling raw material from west to east is over $6 millions. Traffic is being affected by the Panama Canal.

Eastern Europe and the American Advertiser. Etienne de Kleczkowski. *Export Advertiser,* November. Peculiarities of the Polish Market; break-down of export requirements; advertising mediums and proved worth.

Aluminum Paint. Junius D. Edwards. *American Architect,* November. Things to know about it; places to use it; advantages.

Make Yourself Liked in Business. General Otto H. Falk. *System,* December. Appraisal of qualities that make for likeableness.

The Challenge of the New Canadian Tariff. Albert Jarvis. *Export Advertiser,* November. It frankly admonishes the setting up of branch plants.

BOOKS

Economics of Paved Track Design and Construction. Paul Jerome Raver. Institute for Economic Research, Chicago, 56 pp., $1.50. Reporting results of 7 years' study of economic and engineering factors of paved street-railway track construction.

Advertising and Selling Abroad. F. R. Eldridge. Harper, 202 pp., $3.50. Ways to approach a fresh foreign market, proved methods for getting dealers to handle your product, systems in use for getting necessary sales information, and the fundamentals of export advertising.

Java is Divided and Skeptical On Chadbourne Sugar Plan

PARIS (*By Cable*)—When Cuba adopted the new sugar law, based on the plan advocated by Thomas L. Chadbourne (*The Business Week,* Nov. 26), it was with definite hope that curtailment would be supported by the powerful Java Sugar Trust—"VJP." Mr. Chadbourne is now starting negotiations to that end in Amsterdam and Brussels.

Investigation in Holland and in the principal beet producing countries by European representatives of *The Business Week* fails to disclose any real hope for extensive European cooperation. Furthermore, the greatest uncertainty prevails, even in the best-informed circles in Amsterdam, as to what attitude VJP is likely to adopt.

It Depends on Java

If Java holds aloof, or is unable to bring its producers within some universally adopted world restriction plan, the conference is bound to fail, as did its two predecessors—the Amsterdam conference in 1927 and the 1929 conference sponsored by the League of Nations. But, at no time has the issue been as acute as at present when sugar has touched the lowest price in history.

VJP came into being when a committee of bankers, controlling a preponderant part of the sugar business, took Java's 1917 sugar jam in hand and undertook to dispose of stocks progressively in order to maintain prices. Nearly 80% of the Java production concurred in this plan, which gradually matured into today's powerful trust controlling 90% of production. Of a total of 178 Java mills, 100 are controlled by 7 concerns of which 3 alone control 73 mills including the largest and most efficient, and represent about one-half of total production. VJP practically dictates the marketing of the crop, fixes prices.

Dissatisfaction Aids Plan

While prices were good, the system worked admirably. With the expansion of world production, the decline in prices, and increased competition, VJP policy to hold out for the best prices caused it frequently to lose the market to non-members who were free to undersell and not hampered by having to defer to policies dictated by far-away Amsterdam. Exporters became dissatisfied. Moreover, small traders resented VJP concessions of slightly better prices to larger exporters. Growing discontent came to a head when world prices dropped to levels at which Java producers found it difficult to cover costs. The disposition then first arose to consider the advantages of agreement with producers in other parts of the world.

Huge Carryover

The change in Java conditions is illustrated by figures for Nov. 1, which show that stocks on hand totaled 1,801,000 tons, of which 1,443,000 tons represented sugar still unsold. This is practically one-half of the year's production; compares with stocks on the same date in 1929 of 190,000 tons, and with 258,000 tons in 1928. In previous years there was practically no carryover. Some VJP members urge that stocks be held; others wish to clear out as quickly as possible. More dissension in VJP's ranks.

An outstanding feature of the Java industry is that not a single additional acre has ben cultivated in recent years. The contemporary increase in production and retention of competitive standing is due to sheer efficiency. An instance of this efficiency is the perfecting of Java cane to almost double its original yield. Consequently producers are not inclined now to subscribe to restrictions to offset the effects of what is considered reckless extension of cultivation in other parts of the world, often behind protectionist tariffs permitting the dumping of surpluses at cut prices on open markets. This applies primarily to European beet producers.

Pessimistic on Cuba

As regards Cuba, Dutch opinion is inclined to believe conditions are so desperate on the island that a crash is inevitable notwithstanding the Chadbourne plan, and that it may be better in the long run to let matters take their course. Java, accordingly, is approaching the Brussels conference skeptical of whether any agreement is possible or advisable, and itself divided on principles. Generally, the powerful interests are not disposed to make sacrifices within their carefully organized industry in order to enable unwise or hothouse competitors to avoid the consequences of their own making.

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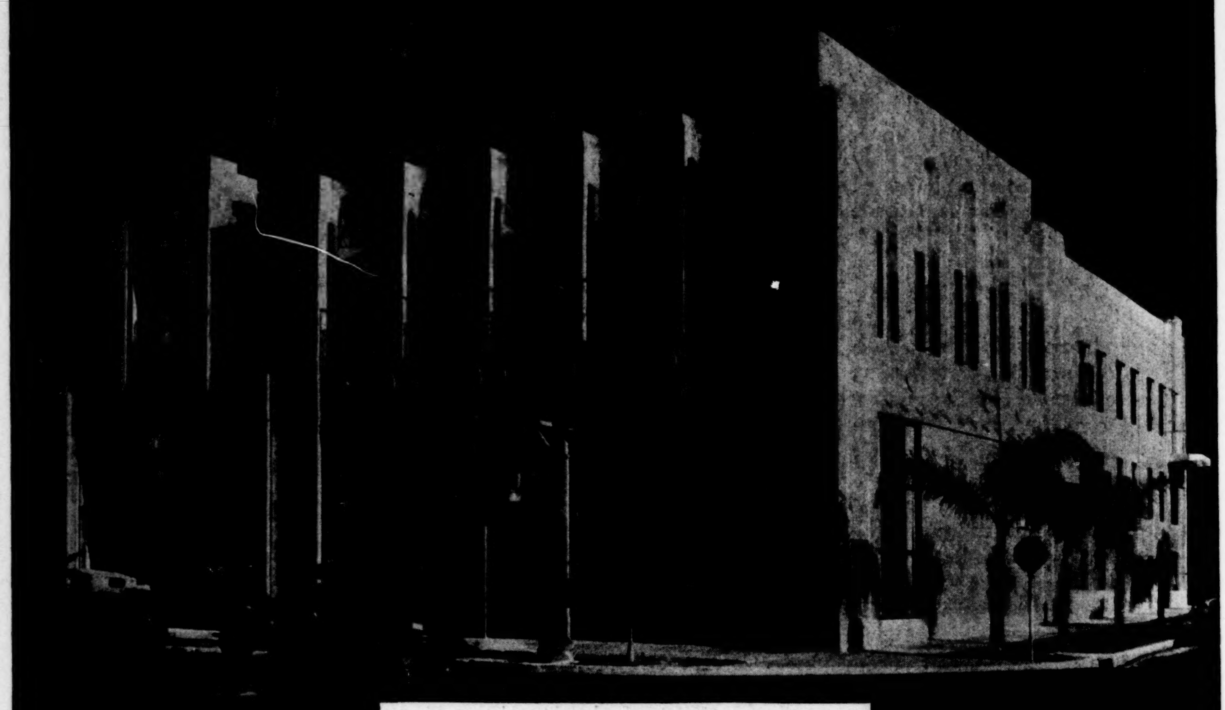

An exterior of concrete surfaced with aluminum leaf

Capital is interested in buildings that rent easily and stay rented. Such a building is the Morgan Adams Building in Los Angeles, designed by Richard D. King, Architect, and built by C. L. Peck, Contractor, both of Los Angeles.

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Swift Survey of Business Abroad

EUROPE

EUROPEAN NEWS BUREAU (*By Cable*) —Business conditions are without any recognizable trend for better or for worse. Sentiment is cheerful, though markets generally are listless except for a distinct strengthening of wool demand and somewhat better activity in steel within the limits characteristic of current volumes. The statistical position of wheat and the prospect for a record carryover are cause for some concern. The continued irregularity of copper is disturbing other metals. So far, developments run true to predictions that the bottom has passed but that activity will continue to be irregularly close to the bottom for at least the greater part of the winter, with no appreciable rise expected before spring.

Some Wall St. Buys

Financial conditions are similarly unchanged. There is some tightening of money due to day by day technical causes. It is forecasted that low rates will continue during the first quarter. Stock markets are weak, and there is little confidence in Wall Street improvement. *The Business Week's* European organization has canvassed international stock brokers in the principal countries on reports of European buying in Wall Street. It is the consensus of opinion that there is some buying at recent lows and this is expected to be repeated on new price dips, but so far all these purchases have been characterized as small individual orders. The largest reported was $500,000. On the other hand, there has been an avid response, especially in England, to giltedged issues, but to such issues only. Conversion operations in England and France still hang fire but will almost certainly precede any marked revival in capital markets, unless the plan is completely abandoned.

Refinancing Eastern Europe

Probably the direction of the next important movement of capital will be toward Eastern Europe. This movement was imminent a year ago when it was arrested by the beginnings of the depression. There is discussion again of reviving various loans then formulated but since placed on the shelf awaiting favorable conditions. Without exception, every Eastern European country is harboring one or more projects either of refinancing government debts or public works construction, or of expansion of agricultural mortgage facilities. In only a few cases are industrial developments awaiting these loans. It is likely that it will be some time, however, before lack of confidence is sufficiently overcome to permit money to respond to these economic needs.

Meanwhile, the central banks are conferring with Basle on the possibilities of coordinating policies to permit better redistribution of gold, and establishment at Basle of a gold and foreign exchange clearing house to permit book transfers.

The immediate major issue in Great Britain continues to be the railway and coal wage questions. No progress has been made in the conferences this week and there is real danger in the mining industry of local stoppages, since miners and operators have reached no agreement and the present schedule terminates on Dec. 1. The French are cheered that October trade showed some seasonal improvement, though it is known that improvement was less than elsewhere.

In Germany, the upper house has passed all but 2 minor measures on the Bruening fiscal reform program of 30 bills. The Reichstag will tackle the program when it reconvenes Dec. 3. Meanwhile the price reduction campaign continues. October indices showed a further, but less marked, decline in industrial activity measured in terms of the number of workmen employed in mining, metallurgical and chemical industries. Construction contracted. Wood, paper, and textiles remained unchanged. Leather, leather products, footwear, paper products, and porcelain advanced. Leather showed the largest gain, though none was over 5%.

Italy Cuts Salaries

Italy has followed the German example and made an even more radical 12% slash in salaries of government employees. It is estimated that this will be enough to iron out the anticipated budget deficit for the year. Business is now expecting that government pressure will reduce other wages and price levels.

Semi-political strikes in Spain are less vigorous but political conditions are tense with elections now scheduled for March. Peseta stabilization is likely to take place at around 12 cents.

The Geneva economic conference so far is productive of only an assortment of divergent views. Accord under present world conditions is improbable.

International News

HELLO, MOSCOW

American executives can now radio-telephone direct to their engineers carrying out construction projects for the Soviets. Dr. Eugene Hirschfeld (right), chief of international communications for the Soviet government, talks it over with Louis Browne (left), secretary of the American-Russian Chamber of Commerce

Great Britain Struggles With the Coal Problem

London (*By Cable*)—Definite signs of general improvement in business are still lacking, but optimism continues to grow stronger.

Coal is depressed by the uncertainty of the labor outlook. In Scotland and South Wales miners and owners are at a deadlock. No agreement as to terms on a basis of a 7½-hour day is likely to be reached by next Monday when present contracts terminate. Following the owners' refusal to participate in the nomination of a new national board, the government has arbitrarily appointed 17 members, including some owners, to membership, but the owners' association refuses recognition and declares it will ignore all decisions and recommendations. It will be difficult for the new board, meeting Wednesday, to hear applications and issue findings before Monday. There is hope for a compromise whereby the miners will continue on the new schedule of hours at present pay pending the board's inquiries. The South Wales, Bristol, and Scotland fields have lodged appeals. Cumberland and North Wales have reached an agreement on the spread of the approaching settlement in Northumberland and Durham. The local agreement in Lancashire automatically gives a month's truce. There is no danger of a general strike, but local stoppages are probable. Export of coal for the week was small; the domestic business was slightly better.

Steel Up, Iron Down

Steel is somewhat improved—especially in the matter of finished products. Iron is depressed. Midlands brands, foundry and pig, were reduced in price by 60% with no appreciable benefit to the market. Cotton shows no expansion. Wool is troubled by the Australian situation, but maintains a fair volume of business to topmakers.

The Electricity Board's bond issue of $30 million at 4½% was many times oversubscribed in the first 15 minutes, confirming the impression that there is plenty of investment money awaiting the time when fear of the stock market created by the Hatry and other failures is removed.

The railway wage dispute continues with the unions stiffening resistance to employer proposals.

Ministers Clynes and Graham have had straight talk from Lancashire cotton spinners denouncing the Lancashire Cotton Corp., recently formed by the Bank of England, on the charge of undercutting outside spinners and effecting amalgamation by bankrupting individuals. Outside spinners wish to continue the policy of production and price restriction on a fixed statutory basis—compulsion which the corporation banks deride.

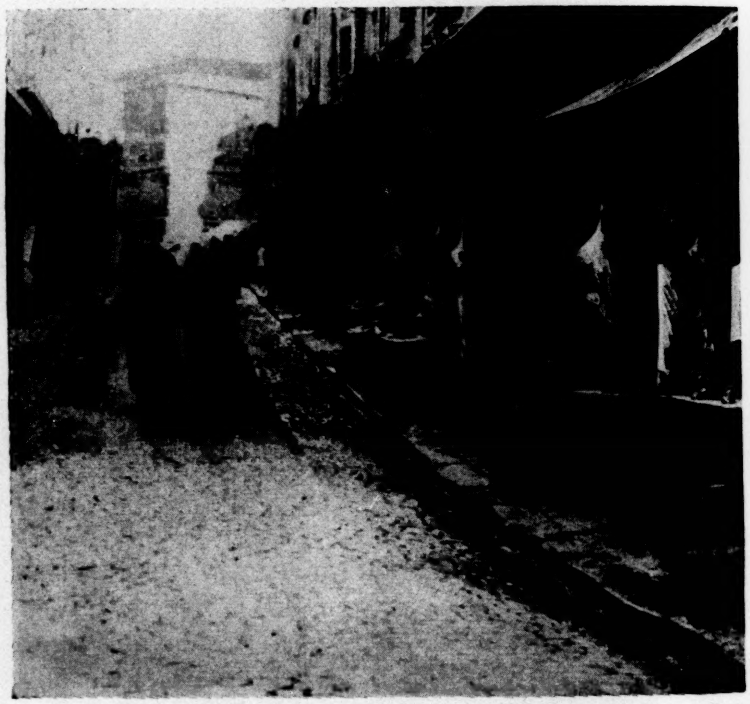
All of the cotton sections are apparently united in condemnation of the existing currency system, but this is due to the mass attack on troubled industry by notorious currency cranks, as already mentioned, using the cotton trade as a field for propaganda.

F. C. Goodenough, chairman of Barclay's Bank, and president of the British Bankers' Association, says the time is ripe for a revision of war debts, declaring England and America stand to gain in the adjustment of debts on a basis of changed price level. It is significant that a bank president should make an open plea after the long silence in this matter maintained in the desire not to embarrass Foreign Office relationships with Washington. The expectation of German default caused Young bonds to fall to 72, or 18 points under the issue price. The opinion prevails in British financial circles that Berlin may force debt revision in America.

French Business Expects Aid from Parliment

Paris (*By Cable*)—Inflated price levels, contracting sales volumes, and declining industrial activity continue, but without any new developments. The sequence of bank difficulties following the Oustric collapse is now largely cleaned up. It is possible, however, that Oustric may prove to be the first in a series of similar occurrences to follow. One large brokerage house, specializing in Polish securities traded in Paris, but with other widespread connections, has been the subject of grave concern with the approach of settlement day at the month's end. Announcement that measures have been taken to prop this firm against immediate difficulties has relieved anxiety for the moment. But the very multiplicity of recent cases in which it was necessary for stronger financial institutions to rally to the support of the weaker, is viewed as indicating the difficulties which banking and its associated business structure—soggy with mushroom growth during the past 2-year boom—are having in handling the strain of business recession and general deflation.

The attention of business is focused



Bonney

"Controlled Distribution" in France

The butchers in Limoges are governed by four elected "czars." They can sell meat only in the Rue de la Boucherie, and must marry within the guild. The businesses are handed down from father to son and recently celebrated their 1,000th anniversary

Wide World

To Tunis

Prof. R. W. Hodgson, formerly of the University of California, bound for North Africa to help rehabilitate fruit crops in the French protectorate

chiefly on the legislative activities of Parliament and the renewed political tension which makes possible the replacement of Tardieu by a coalition government, with Tardieu retained as Minister of Public Works. The lower house has passed, and the Senate is expected promptly to confirm, a bill authorizing the French colonies to float in France a loan of $184 millions, to be guaranteed by the French government for colonial public works. The successful consummation of this program, which includes the provision that orders for materials and equipment be placed with French industries, unless they are available in the colonies themselves or from reparations in kind, will palliate the turn of the business cycle, as will also France's own national equipment program.

Balk at Surplus Drain

The latter program has revived controversies regarding the availability of treasury funds, and objections of the opposition parties to the proposed diversion to this purpose of the surplus revenue ($144 millions) from the last fiscal year, which prior legislation had assigned to the amortization of the public debt.

October foreign trade reflects the prejudice of inflated domestic prices on French competitive exportability. There was a slight seasonal gain over September—a gain less than that enjoyed by other European countries. It was characterized, compared with a year ago, by diminished exports and imports of raw materials. There was an increase in the importation of manufactured goods by $5 millions, or 15%, and manufactured exports decreased by $20,017,000, or 17%. The 10 months' adverse trade balance increased from $20 millions to $300 millions, the highest point in the last 6 years. It will be further aggravated by the necessity this year to import foodstuffs instead of actually exporting them as was done last year. The situation is notable as tending to check a further influx of gold, other factors remaining equal.

German Financial Reform Helped By Budget Victory

BERLIN (*By Cable*)—Unanimous passage of the budget bill by the Reichsrat was a great moral victory for the Bruening government and vastly improved its chances in the final fight for financial reform in the Reichstag beginning Dec. 3. The position is complicated, however, by withdrawal of support by the Economic party, calling back Minister of Justice Doctor Bredt.

The budget bill, which embodies the most radical saving program effecting economies of over $300 millions, combined with the first tangible reduction in consumers' prices, has increased the popularity of the Bruening administration with business and with all nonpoliticians both of which groups strengthen its strategical position in the coming fight. If parliamentary obstacles prove insurmountable beforehand, Herr Bruening is likely to take recourse again to dictatorial prerogative.

There were substantial amendments to the financial bills in the Reichsrat. First, that the reduction of official salaries become effective Feb. 1 instead of April 1. Second, that the tobacco import duty be increased from the present $19 to $48 per 100 kilograms, instead of $60 as originally proposed by the government.

Business interest is still centered on the wage-price reduction campaign of the government. The action is undoubtedly justified by the severe economic necessity for readjustment of domestic prices to lower world levels, this painful process having been unduly retarded by the rigidity of cartel-controlled prices and government-controlled wages. Nevertheless, business increas-

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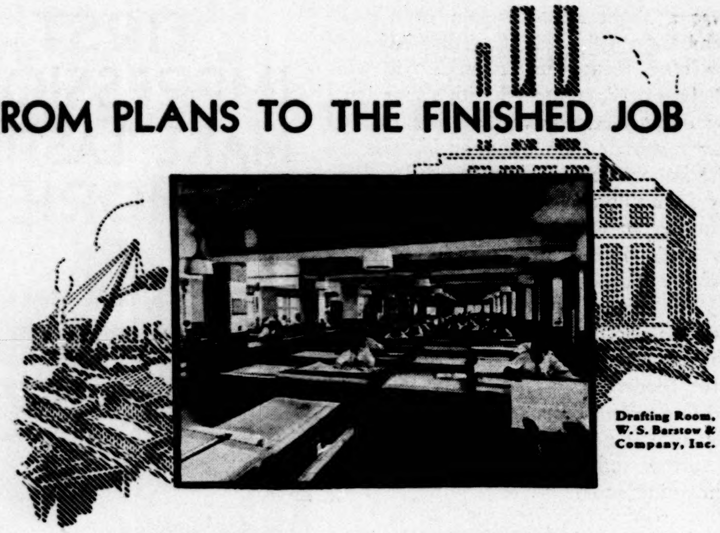

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ingly realizes that no revival is possible as long as the campaign continues.

After the last offensive directed at retail food prices, main objectives now are aimed at such basic industrial commodities as coal and steel. The Ruhr Coal Syndicate has announced a new schedule of prices effective Dec. 1. The industry is agreeably surprised that the amount of the reduction, on careful check this week, is more nearly averaging 9% than 6%, as originally announced. The greater reduction is due to increased competition from British coal, and heavy stocks at pitheads which now total almost 10 million tons. There is considerable speculation regarding the amount of the price cut to be made on iron and steel early in December. The steel industry makes the amount conditional on the downward revision of wages and rail freights. Efforts of industry and trade to obtain a reduction in freight rates on the federal railways with government assistance are handicapped by the prospect of a $200-million decline in railroad receipts during the current year, to only a small degree compensated by the forthcoming reduction in salaries and coal charges.

Latin American Trade Remains Featureless

BUSINESS in Latin America is exceptionally dull. Because of its importance, primarily to Cuba but to a less degree in other Latin countries, considerable interest is centered in the coming sugar parleys in Amsterdam and Brussels looking to world curtailment. Cuba's domestic curtailment program is now in effect.

The new government in Brazil is attempting to meet treasury demands by an internal issue of $36 millions of treasury notes. Otherwise the situation in that country is unchanged.

Bolivia, long harassed by low tin prices, is sending a financial mission to New York to talk over plans with bankers to decrease temporarily the payments on foreign loans.

Resignation of the cabinet in Peru substantiates fears that conditions in that country are still very badly unsettled and that business is not likely to return to normal for some time.

In Argentina the season of large shipments of wool and grains is now near and it is expected that these shipments will produce much needed foreign exchange. In view of the abundance of the harvests, the peso should hold firm and make fiscal support unnecessary.

Germany Stakes Its Fortune On Wage-Price Cut Program

BERLIN *(By Cable)*—Politics, strikes, the moratorium—all are dropping into the background as Germany takes up wholeheartedly the economy program which Chancellor Bruening has outlined and Germans have accepted as the last and most plausible means of escape from present difficulties.

For more than a month the government has been hitting at wholesale prices. Now everything is being staked on carrying these reductions to the consumer. And to accomplish this end, Chancellor Bruening has displayed his keenest strategy. "Housewife's goods," in which $6 billions are invested annually, must be cheaper. Raw materials have been cut, new reductions are being announced every day. If the retailer is not able to make cuts to the ultimate consumer, the long-suspected middleman is going to run into all the pent-up wrath of the German government and public. The Bruening government has staked its entire prestige on this move, which, if successful, will undoubtedly increase its popularity.

To coordinate effectively all of these measures, there has been formed the "Price Reduction General Staff" with Chancellor Bruening himself in charge and a cabinet committee functioning under his direction. The prestige of this group, and its power, are expected to increase the effectiveness of its action in the immediate future. Already the Association of German Cities has offered whole-hearted support in spreading reductions to the consumer.

Some Recent Reductions

Summarizing the effect of the measures taken up till now by the government, a recent communiqué from Berlin quotes the following percentages of reductions in recent months: coal, 6%; rolling mill products, 3%; lumber 17% to 20%; cement, 10%; bricks, 15%; window glass, 22%; tiles 35%; the general index of building materials, 11%; branded foodstuffs, including macaroni, malt, coffee, and honey, 5% to 20%; rubber tires, 10%.

The Federal Economic Council has submitted its general report on the methods for price reduction solicited by the government, and recommends that, whenever possible, friendly arrangements between manufacturers and merchants be made under the economic and moral pressure of the government and the public. Only as a last resource should coercive measures by the government anti-cartel decree be applied. Coal and steel must be the matter of greatest concern, since the ability of a great many German industries to export depends on the level of prices in these basic commodities, the present enormous spread between domestic and foreign steel prices being untenable in the long run. The reductions of coal and steel prices will also clear the way economically for the necessary reduction of rail and freight rates.

In the 5 months since German employers and workers gathered voluntarily around a conference table to discuss plans for simultaneous price and wage cuts, some success has been achieved.

Metal Trades Accept

The first serious upset in the price wage reduction program came with the refusal of Berlin's 140,000 metal workers to accept a wage cut of 8%. Employers and workers agreed to arbitrate and the case became a test of labor's willingness to go half-way with the employers in the economy program. The award, handed down within a week, granted a 3% cut at once, with an additional 5% cut in January. With 2 months in which to make adjustment, the metal trades accepted the decision.

While the labor groups thus affected realize that price cuts will support German products on foreign markets, they complain that they do not materially reduce living costs at home. Chancellor Bruening, the Food Minister, and the Minister of Labor acknowledge the problem, are hammering at retail and foodstuff prices. Butchers and bakers have already made price reductions which are estimated to save $40 millions on Germany's pork bill, $23 millions on the cost of bread. More reductions must come, and soon, if labor is to be satisfied, if the condition of the 3,253,000 unemployed is to be alleviated.

The whole experiment is a desperate last attempt on the part of the Germans to meet impossible reparations demands. As long as large-scale foreign loans came to the aid of Germany, the burden of financing reparations was really carried by the creditor nations. Germany

The Business Week—European Bureau

GERMAN PIGS FOR SOVIET FARMS

Vaccinating a sow before shipment to Russia. The Soviets ordered 20,000 for stocking the breeding farms to be developed under the Five-Year Plan. The 2-year credit was guaranted by the German government

Weeks of careful investigation before he bought a $500 Oil Burner

Without a second thought . . . he invested $10,000 on a tip!

HOW much oil would it consume? Was it noiseless? Safe? Completely automatic? Before a penny went into this new heating plant for his home he carefully investigated the burner, its manufacturer, its competitors.

But—without one real jot of information he staked ten-thousand hard-earned dollars on securities "a friend recommended". Did he check up on the past, present and future of the company? Investigate earnings, book value, prior obligations? Find out about its management? Hardly a second thought about these fundamental yardsticks of value. Yet he calls himself a conservative investor.

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was able to rationalize her industry from its own profits. Rationalized, industry turned out products so much beyond the demands of the domestic market that all attention was focused on exports. Importing nations, to pay for these useful German products, undercut world prices on their raw commodities. Other industrialized countries were as aggressive in their export policies. Depression was the inevitable result as commodity prices everywhere broke in the general scramble. Now, to acquire an expanding share of these export markets, absolutely necessary if Germany is to create surplus capital for reparations payments, the country is lowering prices. Wage cuts inevitably go with the move.

Competitors Feel Pressure

Repercussions in other countries are inevitable. Industrial Europe—Great Britain, Czechoslovakia, Belgium, Holland, Sweden, Italy, France—are already running into the keen competition of the Germans, particularly in machinery exports, and are forced to meet this rivalry without the benefit of plants so systematically rationalized. Britain has been forced to government control over a national pool of the coal mines, to a closer functioning of textile operators with gradual adoption of the 8-loom instead of the 4-loom per worker system, in order to cut production costs. Railroad and mine owners are now demanding wage cuts, labor is protesting. The Belgian steel industry has announced a 2½% wage cut effective Dec. 1, another 2½% Jan. 1.

U. S. Less Affected

The United States will be less hard hit. Industry here is already highly rationalized. The domestic market consumes more than 80% of the majority of manufactured products. Even with higher wages, most industries produce in sufficient volume to keep unit costs down, ordinarily, to European levels.

What critics are inclined to prefer—though scarcely to expect unless the administration and public opinion suddenly shift their policy—is a reconsideration of the possibility of decreasing reparations.

In the meantime, Chancellor Bruening has bravely set for himself the task of clearing up Germany's financial disorders. Wage-price cuts are first on the program. Then come 30 or more finance bills on which the Reichstag will vote in December. And then, if the world is not yet ready to reconsider a reduction of reparations, Germany is likely to ask for a large international loan.

What the Figures Show

The Business Week Index of General Activity	*Latest Week*	*Preceding Week*	*Year Ago*
THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*81.0	†78.5	101.3
Production			
Steel Mill Operation (% capacity)	40	43	69
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$11,397	$10,710	$13,808
Bituminous Coal (daily average, 1,000 tons)	*1,735	†1,765	1,884
Petroleum (daily average, 1,000 bbls.)	2,282	2,305	2,633
Total Electric Power (millions K. W. H.)	*1,845	*1,845	1,950
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	138	147	164
Check Payments (outside N. Y. City, millions)	$5,500	$4,590	$7,402
Money in Circulation (daily average, millions)	$4,513	$4,497	$4,815
Wheat Receipts (1,000 bushels)	6,479	7,426	4,502
Cotton Receipts (1,000 bales)	516	603	479
Cattle Receipts (1,000 head)	*186	†194	199
Hog Receipts (1,000 head)	*598	†600	671
Wool Receipts (1,000 lb.)	3,261	2,643	6,967
***Prices** (**Average for the Week**)*			
Wheat (No. 2, hard winter, Kansas City, bu.)	$0.68	$0.67	$1.20
Cotton (middling, New York, lb.)	$0.110	$0.111	$0.177
Iron and Steel (composite, ton)	$31.86	$31.86	$35.97
Copper (electrolytic, lb.)	$0.102	$0.110	$0.178
All Commodities (Fisher's Index, 1926-100)	80.8	82.2	92.2
Finance			
Total Loans and Discounts, Federal Reserve reporting member banks (millions)	$16,690	†$16,668	$17,861
Commercial Loans, Federal Reserve reporting member banks (millions)	$8,852	†$8,763	$9,871
Brokers' Loans, New York Federal Reserve member banks (millions)		$2,185	$3,450
Federal Reserve System Ratio		81.9	71.8
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	12,502	13,983	14,362
Stock Prices (N. Y. Times, average 50 stocks)	$161.22	$156.38	$199.37
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$44,966	$54,023	$71,048
Bond Prices (Dow, Jones, average 40 bonds)	$95.56	$95.41	$92.88
Interest Rates—Call Loans (daily average)	2.0%	2.0%	5.0%
Interest Rates—Time Loans (daily average)	2-2¼%	2-2¼%	5-5½%
Business Failures (Dun, number)	569	495	472

*Preliminary †Revised

PERSISTENT efforts to stabilize prices in the basic industries lend encouragement to the prospect for revival of business activity. Building construction has maintained a fair volume for the month, with residential building steady in spite of the general depression. Commercial loans and currency circulation continue the normal autumn rise, while steel production shows the anticipated declining tendencies of the season. *The Business Week* index of general activity has turned upward for the first time in several weeks, largely due to the strength of building construction and check payments, supported by stability in electric power production and slight increases in commercial loans and currency circulation. The preliminary figure for the period ending Nov. 22 stands at 81% of normal, against the revised figure of 78.5% the preceding week and 101.3% a year ago.

Steel Production

Steel ingot production as estimated by Dow, Jones declined to 40% of capacity. Our adjusted index fell to 55% of normal against 58.9% the preceding week. Operations now approximate the rate of many months of 1921, though the actual tonnage produced is almost double. The rapid revival of 1922 and 1923 is thought to be in store for the coming year, since it is generally conceded that inventories are low. According to the *Iron Age*, the steel industry still looks to the automobile, railroad, and structural steel industries for a sharp increase in demand at the beginning of next year, being reconciled to a low production schedule for the rest of this year. The New York Central Railroad is inquiring for 50 locomotives, while the St. Paul is reported inquiring for about the same number. Not since January has such a large order been actively under negotiation. Only 336 locomotives have been ordered in the 10 months of 1930 against 797 for the same period of 1929. A prospective inquiry for 5,000 freight cars from the New York Central adds to the cheerful outlook among steel and equipment builders, many of whom have closed plants to reduce operating expenses. Structural projects for the month have totaled over 250,000 tons, while awards of 43,000 tons are the largest since late in October.

Building contracts awarded during the past week were larger than those of the preceding four weeks, so that our adjusted index of this production indicator rose from 59.8% of normal to 65.7%. Residential contracts during the first three weeks of November have accounted for 30% of the total awards of $204,853,700, but the daily average of this period is now 10% below that of October. In view of the remarkable showing in these contracts during October, the slight decline for November is a distinctly favorable factor. The awards for public works and utilities have steadily increased each week in November, but the total for the month to date is less than the total of residential awards. In the metropolitan New York area, residential contracts remain the major group for the third consecutive week in November, so that the month's total to date contains a 55% volume of this type of construction.

Bituminous coal production has fallen off since the 10 million ton a week peak set a few weeks ago, partly because the past two weeks have each contained holidays (Election and Armistice Days) which have been at least partially observed in many fields. Our adjusted index of this series is 77.2% of normal compared with the revised figure of 78.9% the preceding week.

Crude oil production again resumed its downward course, but efforts at limitation of output have not yet succeeded in reducing the large stocks above ground to the point where price stabilization is a reality.

Electric power production is estimated unchanged from the preceding week, and our adjusted index of this item remains at 90.9% of normal.

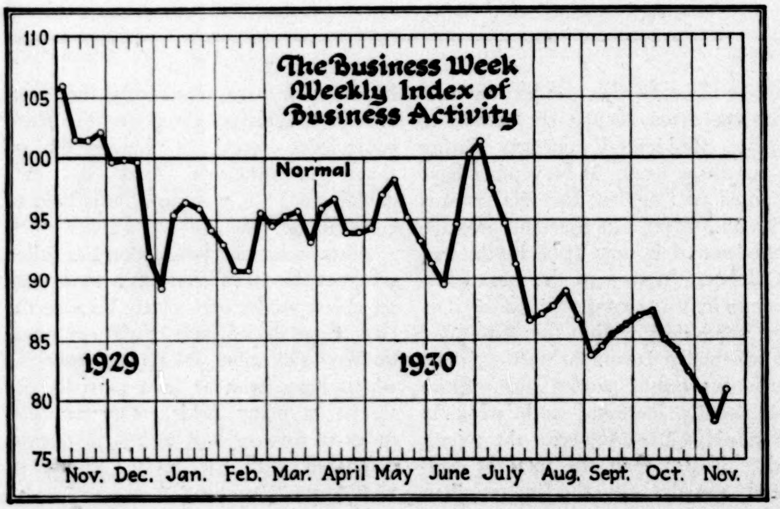
Car Loadings Decline

Car loadings declined during the second week of November, partly as a result of Armistice observance, but largely in conformity with the usual trend of these figures. The next two weeks will undoubtedly show further sharp declines, then a sharp rebound after Thanksgiving in anticipation of Christmas trade. Coal loadings on Nov. 11 dropped appreciably. Every group but livestock showed decreases compared with the preceding week, the declines in miscellaneous and ore freight being particularly severe. Our adjusted index, which is based on the two major groups—miscellaneous and less-than-carlot freight—declined to 75.2% of normal compared with 77.5% the previous week. The trend in car loadings during October forecast the earnings trend of the railroads for the month. The first 19 roads to report show an increase of 5.5% in net operating income over September, but a 24% decrease compared with October, 1929, and a 31% decrease compared with October, 1928.

The volume of check payments in the 141 major centers of the country showed but a 5% increase over the preceding week which was influenced by a short week in many cities, and a 45% decrease from 1929. The small increase appears due to a sharp decrease in the New York district and particularly in New York City. Omitting this financial center from the comparison, the volume of check payments in the remaining 140 cities shows nearly a 20% increase over the preceding week and a 26% decrease compared with a year ago. Our adjusted index of this group rose sharply to 93.7% of normal from 88.1% the preceding week.

The volume of money in circulation turned upward a week earlier than in the past two years, so that our adjusted index of this trade indicator stands at 100.4% of normal against 100.1% the preceding week. The reduction in the cost of living during the past year together with the sharp curtailment of payrolls has caused but slight variation from the $4.5 billion level of these figures which is considerably below the level of the past 7 years and comparable with 1922.

Commodity prices still reveal no definite trend either upward or downward, attention being centered in the major markets on stabilizing the prevailing quotations. The copper industry quotes a range of prices from 10½¢ to 12¢. Since domestic consumers are well supplied, and foreign consumers, though less adequately stocked, are not eager to buy at the 12¢ quotation, the volume of transactions is not large. Major producers in the U. S. have announced curtailment of output in line with the agreements reached in the recent international conference of producers. The domestic wheat market has been rising under the stimulus of the support given by the Stabilization Corp. Wheat exports from July 1 to Nov. 15 total 75,462,000 bushels compared with 71,171,000 for the same period of 1929.



The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week,* May 7, 1930, p. 39.

Cotton prices have been declining slightly since the report of ginnings through Nov. 14, which were larger than anticipated by the trade.

The general wholesale commodity indexes of both Fisher and the National Fertilizer Association declined, due largely to drops in foodstuffs.

Commercial Loans

The belated, steady rise in commercial loans has brought the total above the level of 1927 and within $150 millions of the 1928 level. A year ago, the record peak was reached, after which a rapid decline set in until June, 1930. In the majority of instances in the past 10 years, those loans have reached a peak in October, when crop marketing and autumn industrial activity create a demand for funds. Only in 1922 was the peak reached as late as the middle of December. Our index of these loans, which is adjusted for changes in the wholesale price level, seasonal fluctuations and year to year growth, rose sharply to 106.3% of normal against 104% the preceding week, due chiefly to the sharp drop in the price level as measured by Fisher's index of 120 commodities.

Commercial failures reached an exceptionally high figure during the past week, above that of every week since March. The usual trend of these figures is upward during the fall, reaching a peak in January, after which a steady decline occurs until August. The present year has closely followed the trend, but at an unusually high level.

Money and the Market

STOCK prices dropped this week under the impact of selling before the holiday and profit-taking after the recent rise. Aggressive buying remains almost completely lacking. Such buyers as there are refuse to reach for stocks, purchasing rather only on decided recessions. The market position is essentially unchanged from what it has been the past two weeks. Only strong indications of business upturn are likely to bring a rise.

Levels of Nov. 16 are being tested, as the chart on this page shows. Lacking some strong support the low prices of Nov. 9 may be assaulted. But the thinness of the market, the extremely wide distribution of stocks and the clouded outlook for business makes any near-term statement little better than a guess. Too, the large decline in stock prices in the past 2½ months undoubtedly has resulted in some strained financial situations which overhang the market, the effect of which is exaggerated by the uncertainty surrounding them.

Bond Market Firmer

Sections of the bond market looked better though average prices showed little change. The decline appears to be halted, while continued buying of investments by banks exerts an upward influence which will be felt in time if continued.

Outstanding event in the foreign exchange market was shipment of $5 millions of gold to Canada as the Canadian dollar hit the gold export point. German marks were stronger.

Call money continues pegged at 2% and has not moved for weeks. The yield on short-term Treasury obligations declined to 1.45% from 1.58% last week and 1.94% two weeks ago. Long-term treasury yields were unchanged. New York City borrowed on short term at 2¼% during the week.

The Federal Reserve banks apparently met the Thanksgiving holiday demand for currency, usually totaling about $50 millions, as interest rates did not move.

This holiday week, marking the mid-point of fall business moves and coming just after the halt of a long downward move in the security markets, provides a good time to review the changes in bank credit resulting from these two movements. Interest rates having remained almost unchanged throughout the period, it is apparent that credit demands have been met almost exactly —no less, no more.

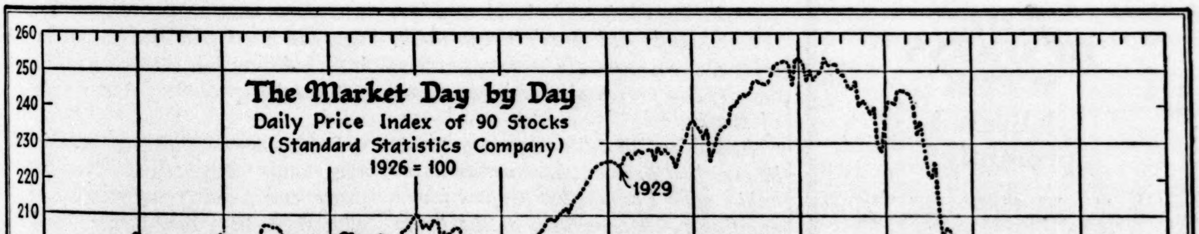
Since Sept. 3, loans made to finance business have risen $406 millions through Nov. 19, the latest date on which figures are available. New York City banks provided $311 millions of this; all other banks combined, $95 millions. Of the latter amount, banks in Chicago, the nation's other financial center, provided $12 millions.

Loans to brokers and dealers during the same period dropped $925 millions, showing the tremendous liquidation of marginal accounts accompanying the market decline. Private funds of American corporations and individuals and of foreigners accounted for $313 millions of this and bank funds for $610 millions. But, since total loans on securities of reporting member banks dropped but $545 millions during the period, banks apparently increased their loans direct to customers—as contrasted with brokers—by $65 millions

New York Carries Load

Here again though, New York City banks carried the whole burden and more, accounting for $147 millions increase. Thus out-of-town banks decreased their loans direct to customers on securities by $82 millions. A part of the New York increase probably represents security loans taken over to help weak institutions, the balance financing a class of purchasers who do not borrow from brokers in the stock market. The amount of financing of the market done by corporations and individuals through loans and cash purchases of stocks cannot be measured.

Buying of investments by banks, which aids the bond market, has been participated in more widely. Total increase was $466 millions, $195 millions in U. S. securities and $271 millions in all other securities. Of the government securities, New York banks bought $125 millions and all other banks $70 millions. New York banks bought $155 millions of the increase in other securities, other banks $116 millions. Of the totals outside of New York City, Chicago banks accounted for $27 millions of the U. S. securities and $16 millions of the other securities.



Esterbrook
322

Small, neat words and figures! You'll write them easily with this fine-pointed, inflexible Pen 322! Great for checks, entries in the ledger, vouchers, and visible index cards.

Why not suggest this pen to your accounting department? Have your secretary send 10c for assorted samples to find *your* personal pen.

ESTERBROOK PEN CO., 56 Cooper St.,
Camden, N. J.

Is your copy of THE BUSINESS WEEK delivered promptly?

If not, we should appreciate hearing from you. We would also suggest that you telephone your local Postoffice for an explanation of the delay. THE BUSINESS WEEK is placed in the mails in New York on Friday and Saturday preceding date of issue every week.

Your cooperation in helping us to achieve prompt delivery will be appreciated.

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The Business Week
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New York

The Dublin Letters

To Mr. Derby Thomas, Taking Up—and Laying Down—The Question of Whether Advertising Is a Profession Or a Business

Office of James W. Dublin
New York,
June, 1928

This will acknowledge Professor Dodding's letter addressed to you and also your attached memo requesting my views on the question the professor propounds. He has no doubt paid you a compliment in soliciting your R. S. V. P.

Apparently your dear old professor of economics possesses a sly kernel of humor. When he asks whether advertising is a profession or a business he has reached into the hat and flipped out one of the largest questions in the Kelly.

Even old Samuel Johnson, who was so sure about so many of the things he told Boswell and wrote in that highly dogmatic dictionary of his, didn't know the answer. The Doctor did a piece about advertising in *The Tatler* and although he seemed to have examined the matter in a broad and thorough manner, the astute scholar was not sure whether the creation of publicity was a business or a profession. In one paragraph he refers to it as an *art*—in another a *trade*. He also pulled a boner—which I am anxious to return to later—when he wrote: *"The trade of advertising is now so near perfection that it is not easy to propose any improvement."* (1759)

But I check with Dr. Johnson on this: *"The man who first took advantage of the general curiosity excited by a siege or battle to betray the readers of news into the knowledge of the shop where the best puffs and powders were to be sold, was undoubtedly a man of great sagacity and profound skill in the nature of man."*

And this: *"But as every art ought to be exercised in due subordination to the public good I cannot but propose it as a question to these masters of the public ear whether they do not play too wantonly with our passions?"*

While this last quotation is, perhaps, outside our subject strictly, it makes a tangent point of interest. That is, our early bards, mummers and the makers of advertisement knew something about man long before the psychoanalysts found it out. They knew that man is an *emotional animal*—that he *feels at* life. He does not manipulate it from the isolated throne of pure, cold reason.

As you go backward along the olden trails of the commercial world you will find advertising not in the figure of a learned and celebrated gentleman, but playing the part of the roisterer, the ready kindred of all men in their virtues and their vices, the swashbuckler of enterprise—a boon companion picked up along the caravan routes of trade. A many-lived fellow, this adventurer who has worn a hundred disguises, borne a charmed life, offended many, bedazzled many more, confused his critics, outrun his prophets and at last become the privileged friend of the largest corporations the world has ever known and of sedate banks, of life insurance companies, of great merchandising establishments, and of thousands of middle-size and small makers and vendors of goods.

Seated at his desk today he may appear like the next president of General Motors. But his heart and his imagination are mingling with the crowd at the corner of 42nd St. and Fifth Avenue; or roaming the Dakotan pampas; or scanning the grocery shoppers as they come up to the counters of the far-scattered A. & P. This play-boy of the pen still walks among the common people—from whence cometh his strength.

Getting back to Prof. Dodding's little poser, it may interest you and the Prof. to know that originally advertising agencies were *strictly* business concerns. Like real estate developers they bought newspaper and magazine space by acreage and then parcelled it out in tidy little building lots. Having nothing to sell except space they did nothing but *sell it.*

But agencies didn't remain businesses very long. Prospective advertisers, in many cases, didn't know what to do with mere bare naked space—and the agencies saw the necessity of offering something to *fill the space with.* This established the custom of giving the purchaser of space a *free* batch of copy to put in the space.

Thus *temperament* began to creep into advertising agencies—writers of copy and artists to make layouts; then copy-directors to direct the writers and art-directors to direct the artists. And when temperament came into ad-agencies, that finished them as out-and-out business propositions. More and more an agency became an institution which had nothing to sell at all. It only had something to *give away*. This was called Service.

With the recent trend toward research, we have wondered whether science is going to shove temperament into the background? More recent still is sales-engineering. Are agencies going to be dominated by marketing-engineers? Can the American people be engineered? See Art McKinnon about this. How do you engineer millions of consumers? What do ad-engineers do without the human emotional note? Do you tell people they're in the Army now and everybody fall in and buy Bushwa's Soap? Is advertising on the verge of not being either a profession or a business, but a science capable of taking a problem and bringing an engineered solution to it?

Ever since I have been trying to run a pad and a pencil into an old-age pension, I've taken care not to wear my number plate in a prominent place. For my great wish has been that my clients trust me, test me, believe in me—and not drop me in a narrow slot by trying to label me. An advertising man is not the same thing to all men. Some seek one talent in him, some another, and all together plenty of abilities well assorted. An advertising man is not a simple standard article like a can of beans. He is supposed to be an orchestra.

And this brings us back to Dr. Samuel Johnson and his boner. In our answer to Professor Dodding we could easily pull another Johnson. We could say advertising is this or that—and then build up an argument for it. Advertising is so various you can prove almost anything about it in a lopsided stump speech. It is something of a science, an art, a craft, an adventure, a continual experimentation—with a commercial intent and with the whole massive commercial maze to roam in.

If you asked me to design a coat-of-arms for a modern advertising agency I should compose it of a bird-dog, a palm-reader, Pegasus, and a freight-car.

Why try to confine a thing so free and so bold? Why try to put it in a neat little sack and pull the puckering string on it? What difference does it make whether it's a business or a profession—or a whattizit? So long as we know what it does, what it can do and what it may do in the future (if we don't try to make a stuffed symbol out of it) isn't that enough to steer by? It is enough for most advertising men that American business executives like to have them around and rely on them with increasing faith—and often with a good deal of hope, too. That's opportunity plenty for an ad-man who has something to swap for this goodwill.

I like to think of advertising as an Art—embracing and using all the modern marketing knowledge, of course. Such as the study of distribution, the adaption of products to needs and habits, the ferreting out of human whim after the manner of the psychologist, the charting of the trade winds as they blow from chain-store, department store or independent small merchant, the outmaneuvering of competition, etc. Advertising may be the lowliest and the loosest of all the arts, but so long as it deals with expression it must occupy itself with *expressive principles, expressive ideas,* and *expressive vitality.*

And this is why I have chased the professor all around the mulberry bush, hoping that when we have run his legs off he will sit down on the grass and pant: "All right, never mind the label. Let advertising go its own mongrel way."

Which is what I'd like to see it keep on doing in its bright, blustering, and busy good-health. J.W.D.

Industry Eagerly Seizes On New Materials

A TREMENDOUSLY increased interest in product design and in the use of new materials and finishes on the part of the 31,000 plants of the country's metal working industry is revealed by a joint survey recently completed by *American Machinist* and *Product Engineering*.

The use of plastics, for example, has increased from 5 million pounds in 1918 to 36 millions in 1929. Last year plastics were employed in 102 types of products ranging from guns to pipe organs, from oil burners to textile and paper mill machinery, from sewing machines to oil field tools.

Stainless steel, which made its first industrial appearance only 4 or 5 years ago, is now employed in almost countless products; is soon to be used in many more.

Aluminum, chromium plating, lacquer, variable speed transmissions, gun type lubrication, welded construction, electric motor drive, color finish, friction clutches, speed reducers, central lubricating systems, oil filters, pressed metal parts, monel metal, die cast parts, electric-heating units, are some of the other items for which there is constantly increasing demand and widening fields of usefuness.

This is a Floor Type Multiplex for displaying maps, blueprints, charts, photos, advertising, etc. Other styles available.

Swinging Wing Fixtures That Keep Your Data at Your Finger Tips

Write for Catalog

Like a large loose-leaf book placed in a vertical position. Any number of wings furnished in almost any size. Thumb-tack board fillers. Both sides used for display purposes. Racks for wings made in various styles. Send for Catalog and Price List.

MULTIPLEX DISPLAY FIXTURE CO.
905-915 N. Tenth St., St. Louis, Mo. 014R1

Attractive Sub-Lease

CHICAGO

Attractive Chicago Sub-Lease. Entire floor approximately 9,000 square feet. New building on Michigan Avenue near Wrigley Building and Tribune Tower. Available in whole or part, three to five years lease, very reasonable.

For information write

HENRY MEYER
520 North Michigan Avenue
Chicago

New Xmas *gift packages for* Employees!

Delicious food assortments packed by Wilson; for shipment anywhere

The call upon human sympathies is greater this year than ever before. Practical gifts will be more gratefully received and more deeply appreciated.

Humanity calls, and those of us who can should answer. You will win the loyalty and love of your workers by remembering them with one of our special Christmas assortments of delicious foods. Your own Christmas dinner will be happier because of the remembrance.

These Christmas remembrances are also very fitting gifts for customers, family and friends.

Send for circular in full color describing fully these new and different Christmas suggestions. Nine different assortments to choose from, priced from $1.75 to $8.50.

---------MAIL THIS---------

WILSON & Co. (Packers and Provisioners) B-W
41st & Ashland Ave., Chicago, Ill.

Please send me colored broadside showing complete assortments of Christmas packages.

Name..

Address..

City.................................... *State*......................

THE BUSINESS WEEK

The Journal of Business News and Interpretation

December 3, 1930

The Pay-Up Complex

ONE of the copy-book maxims of the Poor Richard school of economics now so popular among those who don't owe anybody anything is: "In periods of prosperity we make our debts, in hard times we pay them up." This is a true description of what happens in the ups and downs of business and it may give a thrill of perverse pleasure to those who believe that economics is a branch of morals; but we don't see anything in it to be proud of and we doubt that it is a doctrine altogether adequate to the economic system under which we live.

Castor-oil is a good medicine in moderation; but excessive doses are likely to produce precisely the opposite after-effects to those intended. Liquidity is a good thing, but in a business world which is floated on credit, a universal flood of liquidation drowns many a good swimmer and intensifies depression. Then everybody tries to pay up or is forced to, but before recovery can come they only have to go into debt again. If we are ever going to smooth out the business cycle we must learn to get out of debt in periods of prosperity and go into it in periods of depression.

Corporations that paid off or reduced their bonded debts by selling stocks during the bull market were wise. They would be equally wise to go into debt now, if necessary, or possible, to lay the basis for future profits by improving plant, equipment, or organization, or maintaining personnel. To use surplus or reserves now merely to reduce debts helps nobody, not even the stockholder. It only transfers capital from the hands of those who could use it to those who, under existing conditions, are afraid to use it.

The depressing effect of the pay-up complex is evident in the case of the consumer, who is curtailing buying out of current purchasing power to pay for things bought in the roaring days of 1928 and 1929. This may be ascribed to a high moral purpose, but it is nine-tenths fear, and a great waste of energy. When the instalment man is satisfied it will still be necessary for the thrifty citizen to go into debt again in order to put business back on its feet. It would be far better all around to extend the period of liquidation a little so that he might buy more as he goes, and thereby earn more as he goes. The money he is paying off on past debts isn't doing anybody any good.

The moral satisfaction of paying up when you can least afford it is most expensive and least defensible when the government indulges in it. It will be particularly painful to business and the public now to have income taxes restored to the 1928 level in order to enjoy the abstract pleasure of feeling that we are reducing the public debt even in hard times for the benefit of our grandchildren. Since the debt has been reduced three times as fast as the law requires or contemplated in the past ten years, we should not regard it as a serious moral lapse if sinking fund payments were omitted for a year to lighten tax burdens in a trying period. Even if this is not done, the government ought at least to be willing frankly to borrow to meet the deficit and avoid increasing taxes.

Either way is justifiable as a means of leaving a little more cash in consumers' pockets next spring and putting more of the enormous mass of idle short-term investment funds to work. Sinking funds are noble things, but not nearly so important in their effects on business morale as the sinking feeling the citizen and corporation will have when they face the income tax blank next March.

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